

**Building Value
Responsibly
Sustainable
Development
Report
February 2006**

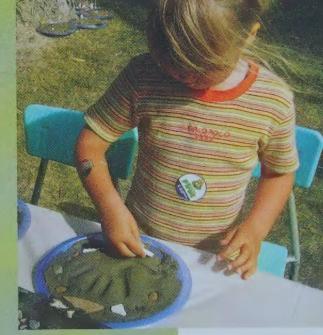
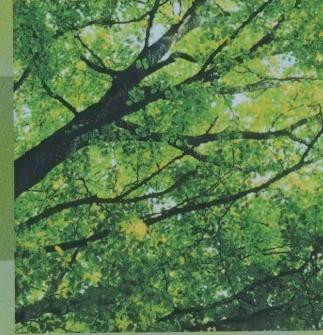
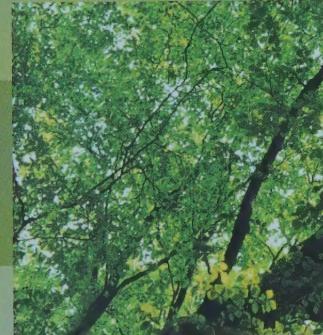


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About our company

St. Lawrence Cement Group is a leading producer and supplier of products and services for the construction industry in Canada and the eastern seaboard of the United States. We are a public company listed on the Toronto Stock Exchange and a member of Holcim Ltd. ("Holcim" or "Holcim Group"), one of the world's leading suppliers of cement, concrete and aggregates with a presence in over 70 countries on all continents. Holcim holds 63% of St. Lawrence Cement Group shares mainly through its U.S. subsidiary, Holcim (US) Inc. In September 2005, Holcim was acknowledged as "leader of the industry" in the Dow Jones Sustainability Index, the first global index tracking the financial performance of the leading sustainability-driven companies worldwide.

About this report

This is our second sustainable development report and the first based on the guidelines recommended by the Global Reporting Initiative ("GRI"). It presents an update of sustainability initiatives, achievements and challenges since our initial report published in October 2003. Included are data for the years 2003 to 2005 which measure the eco-efficiency of our cement plants and grinding facility, as well as the social and economic performance of the company as a whole. Fact sheets accompanying this report provide sustainable development performance summaries of individual plants (cement and grinding) and business units (Demix Béton, Demix Agrégats, Dufferin Concrete, Dufferin Aggregates and Dufferin Construction).

Future sustainable development reports will contain additional data recommended by GRI in line with our objective to continuously improve our reporting. Our sustainable development reports and other information regarding the environmental, social and economic dimensions of our sustainable development performance are available on our Web site.

www.stlawrencecement.com

Message to our stakeholders

Sustainable development is a continuing journey and we can point with satisfaction to a number of important milestones achieved since our last report. Among them:

- We have improved our safety performance and eco-efficiency as measured by accepted metrics for our industry.
- Internationally-recognized environmental and quality management systems (ISO 14001 and ISO 9001, respectively) are in place in all our cement plants, grinding facility as well as our Québec aggregates operations.
- Sustainable development is integrated in the business strategy and planning process throughout the company.



Reflecting these and other accomplishments, our facilities have received several awards for safety and environmental performance that are documented in this report. This recognition by independent organizations and industry groups testifies to our firm corporate commitment to sustainability and the efforts of our employees in the implementation of rigorous management systems and processes.

With an effective framework in place, we aim to continually reduce the environmental impact of our operations and maintain safe workplaces. Among our key objectives and targets are the following:

- decrease consumption of virgin natural resources in cement production through greater use of alternative raw materials and supplementary cementitious products;
- reduce fossil fuel consumption in our cement plants by 15% by 2007, with 2000 as the base year, by increasing energy recovery from industrial by-products, renewable sources and authorized wastes;
- reduce CO₂ emissions per ton of cementitious product by 15% by 2010 from the level recorded in 2000.

The execution of these objectives will generate major environmental benefits. It will also support our efforts to manage issues that could impact our long-term economic performance. These issues are the significant escalation in energy prices, which is driving higher costs, and the challenge in obtaining permits for new production capacity, which affects our ability to replace existing assets with new state-of-the-art manufacturing facilities.

As a responsible corporate citizen, we are committed to dialogue with communities where we operate and other stakeholders to provide information about our activities and listen to their concerns. This implies reporting openly on our performance and challenges in the three dimensions of sustainable development – environmental, social and economic – in order to maintain a climate of trust.

That is the intent of this report and of the structured Corporate Social Responsibility (CSR) programs in place in our major facilities.

We welcome your comments.

Philippe Arto
President and
Chief Executive Officer



Vision and strategy

St. Lawrence Cement is committed to building value for its customers, employees, communities and shareholders.

Value creation is driven by strategies and mindsets that allow us to pursue economic objectives on a sustainable basis. We believe that our ongoing investments in environmental protection and social responsibility make our company stronger and contribute to our long-term financial performance. The triple bottom line, which is part of our parent company's strategy, is well reflected in our approach through sustainable environmental performance and corporate social responsibility (CSR). (see diagram).

Our approach

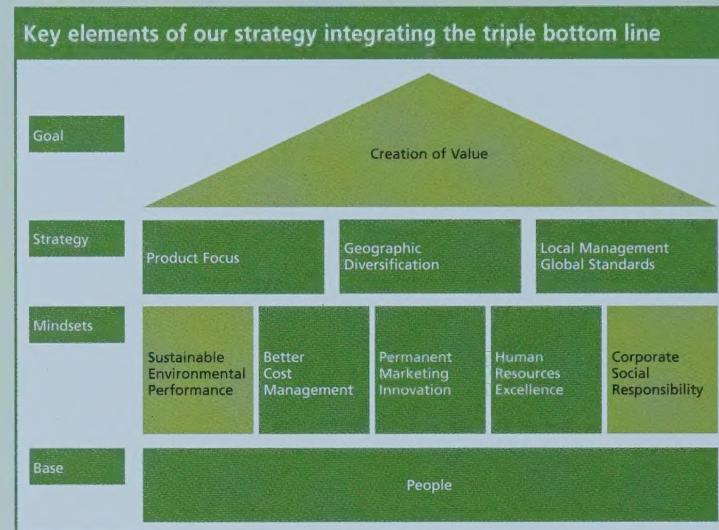
Our approach to sustainable development is aligned with Holcim and the Agenda for Action developed by the Cement Sustainability Initiative (CSI). This initiative involves 16 cement companies from around the world and is being conducted under the auspices of the World Business Council for Sustainable Development (WBCSD). Holcim is a member of the WBCSD and an active participant in the CSI research program. In June 2005, the CSI issued an interim report which is available online at www.wbcsdcement.org.

The work of the CSI has already resulted in the publication of guidelines and protocols for emissions monitoring and reporting, responsible fuels and materials use and safety metrics. Guidelines for each of these areas include key performance indicators to allow measurement and comparison of data. We have adopted several protocols recommended by the CSI, particularly with respect to CO₂ and other emissions from our cement plants and grinding facility. We will strive to comply with the CSI commitment by the end of 2006.

We are also an active participant in a joint endeavor between the Canadian cement industry and Environment Canada to develop a Code of Practice for the domestic cement industry.

Sustainability business plan

Since 2000, our progress towards sustainable development has been guided by a five-year Sustainable Environmental Performance business plan, which identifies important issues, opportunities and actions. We are pleased to note the successful completion of virtually all of the action items in this plan, including ISO 14001 certification, the implementation of emissions monitoring and reporting standards and the integration of sustainable development objectives in our business processes.



Future plans

By the time we publish our next report, we expect to adopt eco-efficiency metrics and key performance indicators for our concrete, aggregates and construction businesses. We are also developing documented rehabilitation plans for the limestone quarries associated with our cement plants.

Helping society cope with waste



Waste is a key concern for society. Where limited recycling and disposal options for many waste materials and industrial by-products currently exist, the most common disposal practices are landfilling, stockpiling or incineration.

By using waste as an alternative fuel or raw material in cement manufacturing, we can generate benefits for society and for the company. This represents an important business opportunity because it reduces fuel costs and greenhouse gas emissions. And by dealing safely with wastes that pose a disposal challenge and potential health risks, we are able to provide an important solution to a growing social and environmental problem.

Objectives and progress at a glance

	Area	Objectives	Progress
Corporate governance and management systems	Corporate governance	Review and update corporate governance and related policies.	All relevant policies have been updated and we are in full compliance with Toronto Stock Exchange corporate governance guidelines.
	Environmental management systems	Develop consistent and effective environmental management systems.	All cement plants, grinding facility and Québec quarries are ISO 14001 certified.
	Quality management systems	Develop consistent and effective quality management systems.	All cement plants, grinding facility and Québec quarries are certified ISO 9001.
Resources utilization	Fossil fuel consumption	Reduce fossil fuel consumption per ton of cementitious product by 15% between 2000 and 2007.	Since 2000, we achieved a 17% reduction of our fossil fuel consumption per ton of cementitious product. Our thermal substitution rate improved slightly during this reporting period. We have created a dedicated business unit to increase the availability of suitable alternative fuels.
	Raw material consumption	Reduce virgin raw material consumption per ton of cementitious product by 15% between 2000 and 2007.	Between 2000 and 2005, increased use of mineral components reduced raw material consumption per ton of cementitious product by 17%. In addition, over this period, our plants used a number of different alternative materials as sources of silica, alumina and iron in the cement making process.
Environmental impacts	Air	Reduce CO ₂ emissions per ton of cementitious product by 15% between 2000 and 2010.	Since 2000, CO ₂ emissions per ton of cementitious product have been reduced by 15.8%. Since 1990, we have reduced our overall CO ₂ emissions per ton of cementitious product by 23.9%. Our CO ₂ inventory and NO _x and SO ₂ emissions were third party audited in 2005. Once the new regulatory framework is developed in Canada, we will set a new target for CO ₂ reduction.
	Land	Develop documented rehabilitation plans for all quarries associated with cement plants by the end of 2006.	All cement plants are reviewing their long-term mining plans and are updating their rehabilitation plans. In addition, progressive rehabilitation is ongoing at several aggregate quarries and pits.
Stakeholder relations	Corporate social responsibility (CSR)	Implement CSR programs in all major facilities, with targets and milestones.	CSR coordinators have been appointed in all business units and action plans have been developed at major facilities.
	Occupational Health & Safety (OH&S)	Attain lost time injury frequency rate (LTIFR) below 5 and implement OH&S systems in all business units by December 31, 2005.	In this reporting period, we achieved a significant improvement in the company-wide lost time injury frequency rate (LTIFR) to 4.2 in 2005 from 14.3 in 2002. In October 2005, our OH&S management systems were audited. St. Lawrence Cement received an overall score of 99% with regards to compliance with Holcim standards.
	Community outreach	Establish open and constructive dialogue with the communities in which we operate.	All our cement plants and the grinding facility maintain dialogue through citizens' committees, community advisory panels and other means.

Corporate governance and management systems

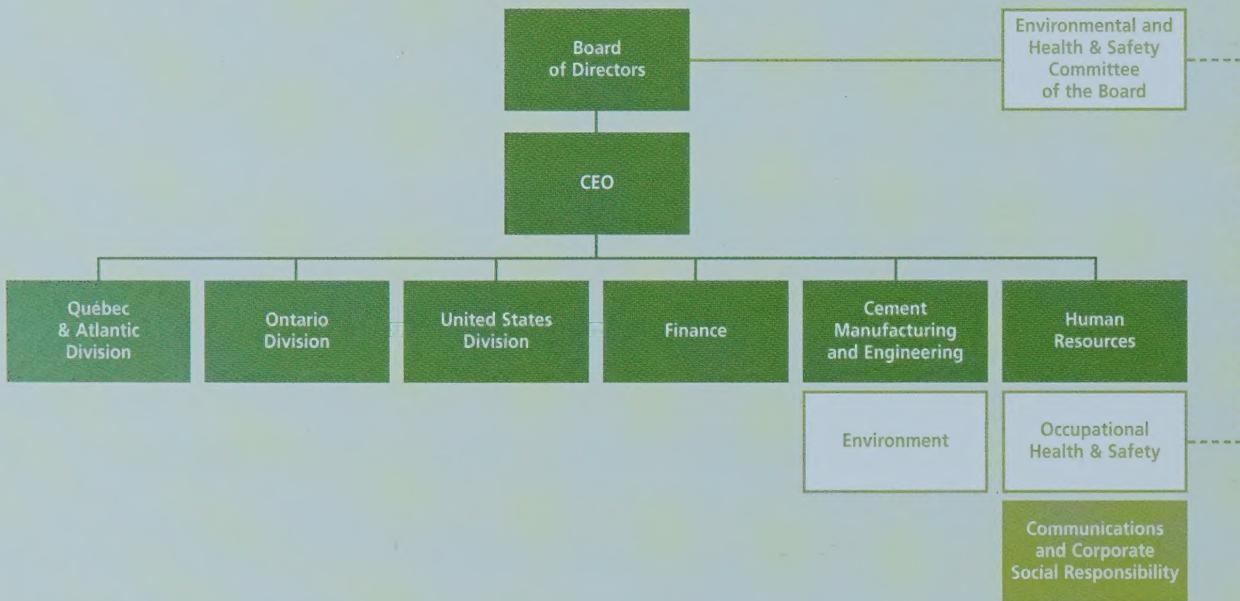
St. Lawrence Cement is governed by a set of policies, guidelines and practices that take into account regulatory requirements, our obligations as a member of Holcim Group and the needs of our business.

We adhere to the corporate governance guidelines of the Toronto Stock Exchange and report annually on our practices with respect to these guidelines. These reports are available in our Information Circular which is available on our Web site and at www.sedar.com.

Business risk management

Our Board of Directors has adopted a formal charter setting out its stewardship responsibilities in the management of our business and affairs. Among them, the Board of Directors is responsible for reviewing and approving our strategic plan and annual updates. Business risk management is an integral part of our planning process and we regularly review the principal risks to our business, as well as the systems in place to effectively monitor and manage them.

The Board of Directors has adopted a number of policies to guide management and employees in various aspects of our business. These include a Code of Conduct that is consistent with Holcim global standards, policies on information disclosure, trading and confidentiality, as well as a Policy Statement and Guidelines for fair competition in accordance with applicable legislation related to competition. These documents are posted on our Web site.



Organization

Our organizational structure reflects the regional nature of our industry. It is designed to allow for a strong business focus on our three principal geographic markets and coordinated action towards sustainability.

Our sustainable development performance is reviewed and overseen by the Environmental and Occupational Health & Safety Committee of the Board of Directors. Policies and priorities in these areas are established at the corporate level and implemented by the divisions and business units. Corporate directors monitor the execution and performance in each area. All of our cement plants and most of our other business units have dedicated environmental managers, CSR coordinators and health and safety coordinators.

Management systems

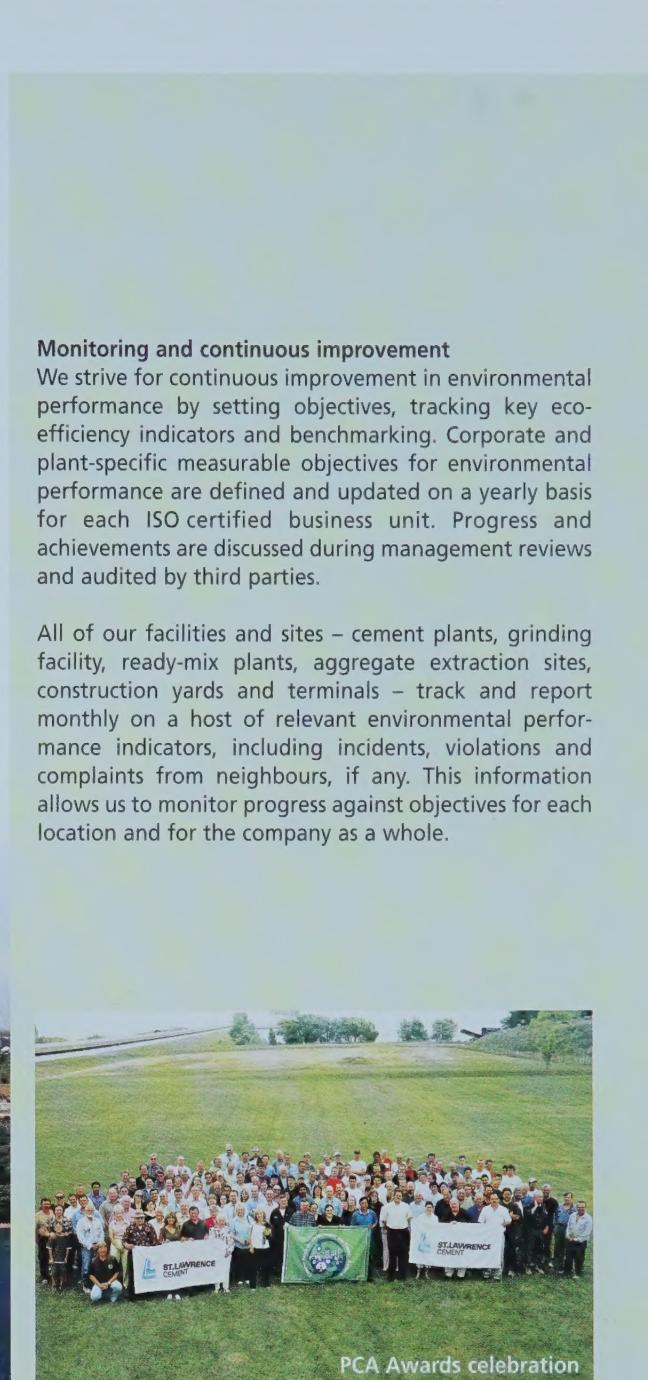
Since our last report, all of our cement plants, our grinding facility and Québec aggregates operations have achieved dual certification to ISO 14001 and ISO 9001. These systems provide a robust framework for continuous improvement in environmental and quality management, respectively. Regular audits by independent third parties ensure that documented processes are being followed. They also identify gaps, if any, and recommend corrective measures that improve the effectiveness of our management processes.

In 2005, we completed the implementation of a uniform management system in the area of occupational health and safety throughout the company. This comprehensive system is based on best practices within the Holcim Group and across various industries. We began this initiative at the end of 2003 with audits of health and safety practices in all of our facilities.



Environmental policy

We are committed to sustainable development, responsible stewardship of the natural environment and the protection of human health. Recognizing the environmental implications of our activities, we are continually striving to improve our environmental performance by setting and reviewing measurable objectives and targets associated with our operations. We seek to minimize natural resources consumption, waste, and adverse environmental impacts while optimizing the use of technology and pursuing the achievement of our economic objectives. In pursuit of this environmental policy, we are committed to the following pillars and principles:



Pillars

Principles

Management systems

We apply environmental management guidelines and standards and monitor our performance. We commit to meeting all governmental requirements and strive to exceed them. We promote our commitment through training and integration into business processes.

Resources utilization

We promote eco-efficiency, conservation of non-renewable natural resources and recycling of secondary materials. We invest in the development of innovative and sustainable products and processes.

Environmental impacts

We measure our performance, continuously improve and promote best practices in our industry. We manage and conduct our operations in an environmentally sound manner and implement effective controls to reduce or eliminate the release of pollutants to the environment.

Stakeholder relations

We engage our stakeholders and report publicly on compliance, performance and progress.

Monitoring and continuous improvement

We strive for continuous improvement in environmental performance by setting objectives, tracking key eco-efficiency indicators and benchmarking. Corporate and plant-specific measurable objectives for environmental performance are defined and updated on a yearly basis for each ISO certified business unit. Progress and achievements are discussed during management reviews and audited by third parties.

All of our facilities and sites – cement plants, grinding facility, ready-mix plants, aggregate extraction sites, construction yards and terminals – track and report monthly on a host of relevant environmental performance indicators, including incidents, violations and complaints from neighbours, if any. This information allows us to monitor progress against objectives for each location and for the company as a whole.

Environmental excellence recognized

Our Mississauga plant won top honours in two categories of the 4th Annual Cement Industry Environment and Energy Awards sponsored by the Portland Cement Association and *Cement Americas* magazine. The awards were presented in May 2005.

The plant received top prize in both Overall Environmental Excellence and Environmental Performance for its ISO 14001 environmental management system, emissions control and reduction, waste minimization and natural resource conservation, recognition from the community and high level of employee awareness. These awards aim at recognizing North American cement producers for innovative practices, programs and projects.

In 2004, our Joliette plant received the prestigious Phenix Environment Award in recognition of the successful implementation of its ISO 14001-compliant environmental management system. It was the first cement plant in Québec to achieve ISO 14001 registration.

Stakeholder relations

We believe that the successful pursuit of our sustainable development goals requires active stakeholder engagement on our part.

All of our cement plants and grinding facility, as well as our major aggregates operations, maintain dialogue with local communities through citizens' committees, ratepayers' associations, community advisory panels, Open House events and other activities that bring a broad cross-section of local interests in contact with plant management. The ensuing dialogue provides us the opportunity to hear and address local concerns and demonstrate our social and environmental responsibility.



The support of local communities helps maintain stable conditions for continuing investment in our facilities. We pay equal importance to all stakeholder groups – employees, unions, customers and suppliers, regulators, neighbours, shareholders and the financial community – and remain vigilant towards their needs. Our existing practices and new initiatives, combined with regulatory requirements, ensure that we maintain ongoing dialogue.

Open House celebrating
the 100th anniversary of the
Hagerstown plant



Open House celebrating the
40th anniversary of the Joliette plant

Community dialogue in Joliette

Our Joliette cement plant maintains ongoing dialogue with the local community through a citizens' committee called COSE Lanaudière. Established in the early 1990s, the committee meets two to three times annually with up to a dozen members in attendance.

Committee members include representatives of the local public health department, agricultural producers, environmental groups, as well as politicians, individual residents and plant management. The meetings provide a forum for listening to and addressing the concerns of local residents and communicating information to them about plant performance and projects.

The Joliette plant has the highest thermal substitution rate within St. Lawrence Cement Group, deriving over 30% of its energy requirements from alternative fuels. It recovers energy from used tires, granular waste and other government-approved waste products that would otherwise go to landfill or stockpiles. Benefits include lower energy costs, decreased use of non-renewable fuels and lower emissions of greenhouse gases associated with coal burning.



From left to right: Georges Hubin, General Manager of the Joliette plant; Bruce MacKay, Jacinthe Chevrette and Marc Corriveau, respectively General Manager, Administrative Assistant and President of COSE; and Pierre Beaulieu, Community Relations Manager at the Joliette plant.

Learning from others

Memberships in numerous organizations and involvement in sustainable development initiatives offer many opportunities for comparing best practices and acquiring new knowledge. Our memberships include the Excel Partnership, Canadian Exporters and Manufacturers and the *Conseil patronal de l'environnement du Québec*.

We participate actively in industry associations at both the corporate and business unit levels. In addition, we are benefiting from the active participation of Holcim in the Cement Sustainability Initiative.

New permits a challenge

Obtaining permits for site extension and new facilities is a significant challenge for the cement industry and the aggregate business. Permitting processes in our jurisdictions are lengthy and complex, often necessitating multiple levels of approval. Two of our recent experiences are instructive:

- We began planning for the extension of our Milton quarry in the Greater Toronto Area in 1996 with in-depth environmental research and geological studies that formed the basis for the license application. Preliminary approval for an 83-hectare extension, which will allow another 12 years of operation, was received in June 2005, almost a decade later.
- In April 2005, we decided to withdraw from the permitting process for a replacement cement plant in Greenport, New York after nearly a decade of making every effort to satisfy regulators and environmental groups. Although our plant offered compelling environmental, social and economic benefits, we faced unrelenting opposition from environmental groups determined to prevent industrial renewal.

Gold level environmental reporting

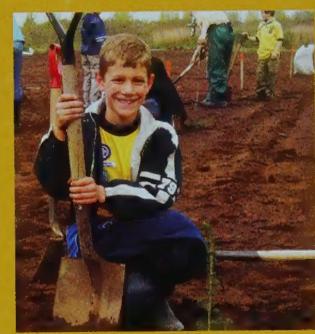
In both 2003 and 2004, St. Lawrence Cement Group was recognized by the Voluntary Challenge and Registry (VCR) Inc. as a Gold Champion Level Reporter for environmental reporting, the organization's highest rating.

The VCR is a non-profit partnership between industry and governments across Canada, which promotes the reduction of greenhouse gas emissions through voluntary actions. In 2004, the VCR was replaced by the Canadian Registry which is administered by the Canadian Standards Association (CSA).



Environmental performance

We aim at continually reducing
the environmental footprint
of our operations.





Our challenge is to minimize the impact of our activities on natural systems, and we are making constant, measurable progress. Since 1990, we have reduced the net production of carbon dioxide (CO₂) per ton of cementitious product by 25.9%. Thanks to the successful optimization of our Camden GranCem® facility, we have been able to achieve our 15% target reduction from the 2000 baseline. In the last decade, significant decreases have been recorded in net specific emissions of nitrogen dioxide (represented by NO_x) and sulphur dioxide (SO₂). Other eco-efficiency measures such as fuel and electricity consumption have also improved. The environmental management systems, strategies and plans we have in place should allow us to build on these gains and achieve continuous improvement in the years ahead.

This section of the report describes our responses to environmental issues associated with cement manufacturing and the outcomes of our efforts as measured by the key performance indicators used in our industry. It also presents an overview of impacts and mitigation measures in our concrete, aggregates and construction businesses.

An assessment of our performance would be incomplete without taking into account the environmental benefits associated with the use of our products. Some of these are also briefly described in this section and elsewhere in this report.

Cement plants and Camden GranCem® facility Eco-efficiency indicators

	2002	2003	2004	2005
Total cementitious production (millions of tons)	4.1	4.2	4.3	4.3
Clinker factor (average % of clinker in cement)	78.6	76.9	74.4	73.3
Carbon dioxide emissions (CO ₂) (kilograms per ton of cementitious product)	703	696	669	668
Nitrogen oxide emissions (NO _x) *♦ (kilograms per ton of cementitious product)	2.1	1.9	1.9	1.5
Sulphur dioxide emissions (SO ₂) ♦ (kilograms per ton of cementitious product)	2.0	2.2	1.9	1.9
Cement kiln dust (In tons. Brackets denote annual removal from storage)	(24,000)	(39,000)	(42,000)	(48,000)
Electrical consumption (kilowatt hours per ton of cementitious product)	145	144	140	143
Heat consumption (gigajoules per ton of cementitious product)	3.43	3.38	3.33	3.24
Total raw materials (millions of tons)	-	-	6.4 ®	6.2 ®
Raw materials from wastes # (%)	-	-	16 ®	16 ®
Alternative fuels ** (thermal substitution rate in %)	15.0	14.0	17.0	15.0
Total water use ## (millions of cubic meters)	-	-	6.4 ®	5.5 ®
Notice of violations	3	1	2	2
Environmental incidents	101	44	33	48
Complaints (internal & external)	40	39	29	45

* Expressed as NO₂

♦ Continuous emission monitors are in use at all plants since 2005. Prior years' data was based in part on annual stack measurements.

® New indicator as of 2004

Excludes fuels

** Expressed as a percentage of total fuel consumption

Includes consumptive and non-consumptive uses

Resources utilization and CO₂

Cement manufacturing is an important source of global man-made emissions of CO₂, a major greenhouse gas (GHG) associated with climate change. While seeking to reduce the overall environmental footprint of our operations, we are committed to significant decreases in our CO₂ intensity.

Our greatest opportunity for reducing CO₂ emissions and other impacts is the responsible use of suitable by-products generated by other industries, non-hazardous wastes and other materials. These existing resources can replace a portion of the conventional raw materials we currently use in cement manufacturing and some can be incorporated in cement mixes. Energy can be recovered from waste products possessing high calorific value by using them as fuel in cement kilns, resulting in lower consumption of non-renewable fossil fuels such as coal.

Avoiding CO₂ production

Approximately 60% of our CO₂ emissions result from the chemical process that converts the calcium carbonate in limestone to calcium oxide during the production of clinker. By using suitable industrial by-products as supplementary cementitious materials – either directly in cement manufacturing or in cement mixes – we avoid this chemical reaction and the related greenhouse gas emissions.

We are a leader in the use of mineral components such as slag, fly ash and silica fume – the most common supplementary cementitious materials in our markets. By adding these by-products of industrial processes to cement, we make a variety of composite cements that confer improved properties on the final concrete product, such as improved long-term strength, higher chemical resistance and lower heat of hydration. When the proportion of mineral components in the mix reaches a certain level, the resulting cement mix is designated as a “green” product.

Mineral components production

We began manufacturing GranCem®, a high quality slag cement, in 2001 and the product has been well-received in our markets. In 2005, we produced 535,000 tons of GranCem® at our dedicated grinding facility in Camden, New Jersey, and 207,000 at our Mississauga cement plant. Construction of a new grinding mill is underway in Mississauga, an investment that will increase our GranCem® capacity at this plant to 400,000 tons a year. Subject to meeting construction standards applicable to each project, cement mixes can contain up to 50% of GranCem® by weight.

Sources of mineral components

Product	Origin
Blast furnace slag	Steel production
Fly ash	Coal-fired power generation
Silica fume	Silicon manufacturing

Sustainable construction in concrete

The Earth Rangers Centre in Woodbridge, Ontario, built almost entirely of concrete supplied by Dufferin Concrete, is considered one of the most energy efficient buildings in North America. A world class wildlife centre and veterinary hospital, it is a showplace of environmental responsibility. The building structure is reinforced concrete, with load bearing masonry walls in the animal enclosure areas to provide a durable, moisture resistant interior environment. All insulation is located on the building exterior, enclosing the 4000 m³ concrete frame. This enables the large mass of the concrete and masonry to act as thermal storage, improving the comfort and energy performance of the building.

The Earth Rangers Centre is designed to use 63% less energy than a similar building based on the Model National Energy Code of Canada.

“Green” rebuilding in New York

Concrete containing 35% GranCem® is one of the features making 7 World Trade Center one of the first “green” buildings in New York City. The 52-floor structure is the first high rise in the Lower Manhattan financial district to be rebuilt since the 2001 terrorist attacks. The project engineers were sold on GranCem® because of the additional strength it conferred on the concrete used for the base of the building. Under the Leadership in Energy and Environmental Design (LEED) Green Building Rating System®, developed in 1998 by the U.S. Green Building Council, buildings can be designated “green” if they meet certain criteria. Construction materials containing a specified proportion of recycled materials such as GranCem® qualify for points under the LEED program.



7 World Trade Center
New York City

Our investments in GranCem® production have contributed to a reduction in our clinker factor, resulting in a significant permanent decrease in our net specific CO₂ emissions. This is explained by the fact that GranCem® production generates virtually no greenhouse gases compared to cement manufacturing.

Alternative fuels and raw materials (AFR)

About 40% of our CO₂ emissions are generated from the burning of fossil fuels – mainly coal – in our kilns. The substitution of virgin fossil fuels with waste-derived fuels contributes to lower greenhouse gas emissions and is an important component of our CO₂ reduction strategy. Fossil fuels are substituted in cement kilns with wastes that otherwise would have been incinerated or landfilled, avoiding CO₂ emissions associated with the disposal of these wastes.

Our objective is to steadily increase energy recovery from suitable waste products that can be safely used in our kilns. In 2005, we established a structure under the Energis brand to be responsible for alternative fuels and raw materials. Energis is fully in place in the Québec & Atlantic division. This operating unit is creating visibility for St. Lawrence Cement as a company that is capable of beneficially using selected waste materials in our manufacturing process.



Rigorous procedures are followed in the specification, procurement, storage, handling, quality assurance and combustion of alternative fuels. We comply strictly with applicable regulations, supported in each plant by continuous emissions monitoring and reporting based on a uniform standard used across the Holcim Group.

The thermal substitution rate for our cement plants increased to 17.3% in 2004 compared to 14.3% in 2003 but declined to 15.0% in 2005 due to temporary difficulties in the AFR handling system at our Joliette plant. Alternative fuel sources include used tires, waste oils, granular waste from sewage treatment plants, shredded wood, sawdust and other by-products. Wastes can be safely used in our kilns because of the extremely high-temperature process. AFRs are totally integrated into the clinker, leaving no solid residues and providing an effective waste diversion solution for society.

CO₂ reduction target

Between 1990 and 2000, we reduced our net CO₂ emissions by 9% per ton of cementitious production. This was achieved mainly through energy efficiency initiatives that resulted in decreased consumption of non-renewable fossil fuels in our kilns.

Alternative fuels

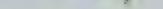
Melamine
sawdust



Nylon fibre
(by-product
of tire recycling)



Shredded
wood



Granulated municipal
sewer sludge

In 2003, we joined the Climate Leaders program in the United States and set a target of decreasing net CO₂ emissions by an additional 15% per ton of cementitious product manufactured between 2000 and 2010. At the end of 2005, our cumulative reduction in net CO₂ emissions was 23.9% since 1990 and 15.8% since 2000.

Net CO₂ emissions expressed in kilograms per ton of cementitious product declined to 668 in 2005 compared to 703 in 2002. The main factor in this significant reduction was increased GranCem® production.

We report CO₂ emissions from our four cement plants and grinding facility according to the WBCSD carbon dioxide protocol for the cement industry. As of 2004, CO₂ monitoring and reporting is fully embedded in our internal reporting and business processes. Emissions are reported annually to regulatory authorities and publicly under various voluntary programs such as Climate Leaders in the U.S. and the CSA's Canadian Registry in Canada.

NO_x and SO₂ emissions

Through process modifications, control of raw materials and operator training, we continue to reduce NO_x and SO₂ emissions. Since 2005, all our cement plants measure these emissions in real time using monitors installed on all main stacks. With this data, operators are able to respond more effectively to optimize operations. The equipment used to measure NO_x and SO₂ emissions is calibrated annually by independent third parties to ensure accuracy. Monitoring and reporting of these and other emissions are based on a common standard developed by Holcim, allowing for true comparisons between plants. Reliable readings and uniform data presentation support the permitting of additional alternative fuels. Accurate data also lends additional weight to our assurances to local communities regarding the safety of alternative fuels in our kilns.

Water consumption

Water is used for cooling purposes in three of our cement plants and for the preparation of raw feed in one facility. This water is appropriately managed in compliance with applicable environmental regulations. We benchmark water use at all our facilities with other Holcim plants with the objective to reduce consumption.

Energy consumption

In this reporting period, we continued to improve the eco-efficiency of energy consumption in our cement plants. Two measures are used in our industry – heat consumption in our kilns (gigajoules per ton of cementitious product) and electricity consumption (kilowatt hours per ton of cementitious product). Reductions were recorded in heat consumption in all three years while electricity consumption increased in 2005 after declining during the two prior years. Targeted efforts are pursued in all facilities to reduce energy consumption.

Solid by-products

Some of our cement plants produce cement kiln dust (CKD), a powder that is captured from kiln exhaust gases by filtration. Process modifications have enabled our plants to reduce CKD production and reintroduce it as a raw material. These changes also allow for control of CKD quality, supporting our efforts to develop new product formulations that increase beneficial reuse of this by-product. Existing stocks are being returned gradually to the production stream or sold as soil stabilizer, lime substitute and for other applications. In this reporting period, we removed approximately 129,000 tons of CKD from storage.

Other impacts

Emissions of particulate matter (PM) from our cement plants and grinding facility are well below authorized limits. Stack emissions are controlled mainly by baghouses and electrostatic precipitators.

Fugitive dust is controlled by several means, including the paving of access roads, the planting of grass, shrubs and trees in open areas, as well as good housekeeping practices. Dust management procedures include mechanical road sweeping, the spraying of access routes with approved suppressants and water spraying of stockpiles where required.

Dust control
is a priority at
all of our facilities.



Quarry and raw materials preparation



Quarry

Limestone and other raw materials are extracted using drilling and blasting techniques.

Crusher

The quarried material is reduced in size in crushers by compression or impact.

Transport

The crushed raw material is transported to the cement plant, mainly using conveyors.

Clinker production



Mixing bed

The limestone, clay and alternative raw materials are mixed and homogenized.

Dust filter

Baghouse filters or electrostatic precipitators remove particles from kiln and mill exhaust gases.

Raw mill

The homogenized raw materials are ground and dried in a mill.

Preheater

The raw material is preheated before entry into the kiln.

Monitoring and continuous improvement

We monitor our environmental performance through monthly and quarterly reports prepared by all business units. Reporting is based on a common reporting framework across the company which is also consistent with Holcim standards. The reporting methodology allows for internal benchmarking and with Holcim Group operations in other countries. By tracking progress, comparing performance and adopting best practices, we achieve continuous improvement.

We report environmental data to regulatory authorities as required and work closely with them to resolve any issues. In addition, we submit emissions and other data on a voluntary basis to a number of organizations such as Climate Leaders in the U.S. and the CSA's Canadian Registry in Canada.

Environmental compliance and complaints

During this reporting period, our cement plants and grinding facility operated in substantial compliance with applicable environmental protection regulations in Canada and the United States.

Each of our facilities has a tracking system for complaints, which generally relate to noise, truck traffic vibration and fugitive dust. Our Mississauga plant invested approximately \$400,000 in a site-wide noise reduction program in 2003, which included a complete inventory of potential sources and the installation of

nearly 30 silencers. This action resulted in no complaints from the local community in 2004 and positive feedback from residents.

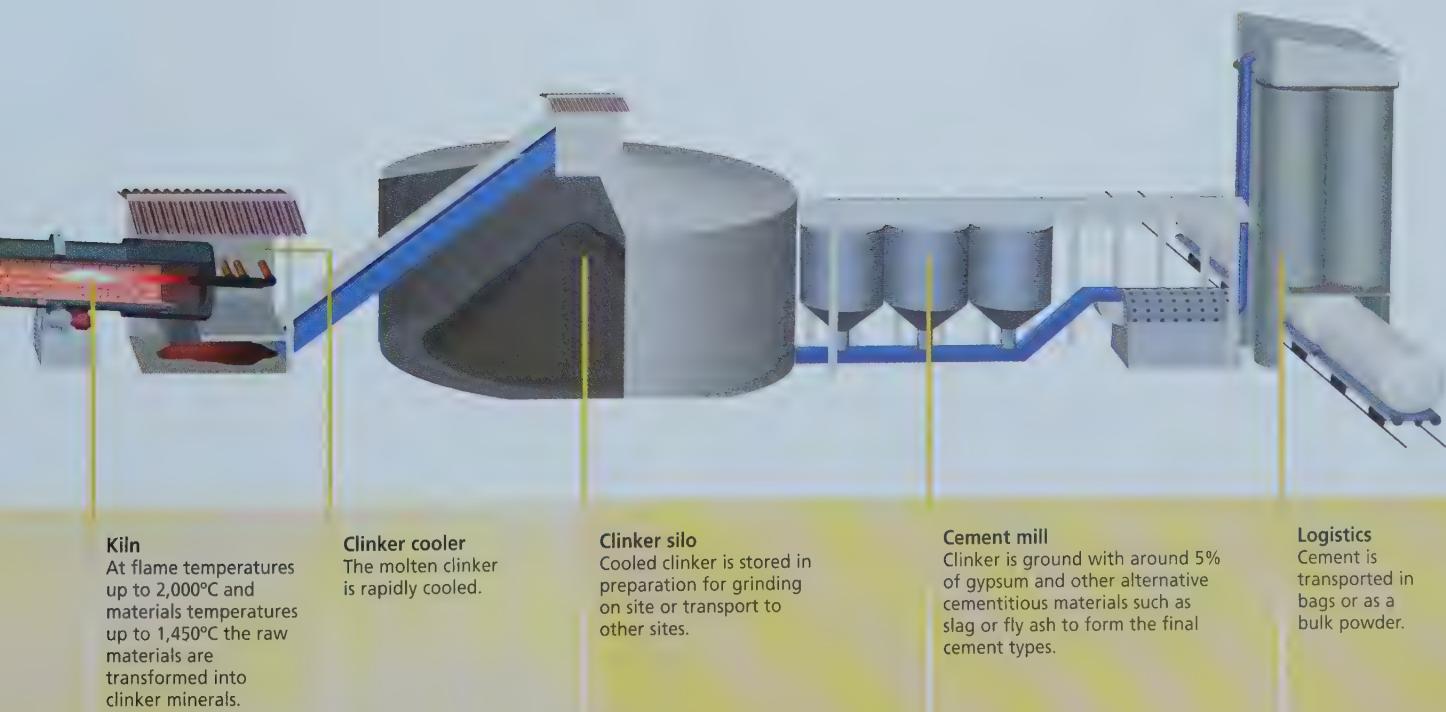
The Mississauga plant also resolved a longstanding issue with neighbours by virtually eliminating plume opacity from its main stack. The final solution was implemented in early 2003 and no complaints have been received since then.

Litigation

We have appealed a judgment rendered in 2003 in favour of a group of residents of Beauport, Québec, pursuant to a class action in Québec Superior Court initiated in 1993 alleging that our former cement plant in that municipality negatively affected their quality of life and property values. Although the Court concluded that our plant did not exceed environmental standards at any time and that we committed no wrongdoing, it ordered compensation of approximately \$15 million. Our appeal is based on the fact that we committed no wrongdoing and fulfilled all of our obligations in operating the plant.

We are involved in two separate litigations in relation to our GranCem® grinding facility in Camden, New Jersey, which began operations in 2001 after obtaining all required environmental and other permits. We believe that both actions are without merit and we are defending our position vigorously.

Cement grinding and distribution



Concrete, aggregates and construction

We operate 39 concrete plants and 27 quarries and sand and gravel pits in Ontario and Québec. Our concrete operations have environmental management systems. Demix has environmental management systems in place in all of our facilities. We are developing key performance indicators to allow us to report their performance on a consistent basis.

Concrete

Dust control and water management are the main challenges for concrete plants. Many of our plants are equipped with baghouses at material transfer points in order to capture dust emissions. Fugitive dust is generated by on-site traffic and material handling. Mitigation measures at our plants include road paving and watering, regular sweeping and the spraying of approved dust suppressants.

Water is required for mixing concrete and for washing out and cleaning mixer trucks. Many of our plants have closed-loop mixer washout recirculation systems and some sites reuse excess storm water for making concrete and for cleaning purposes.

Several of our plants have installed storm water management and recycling systems to control the level of total suspended solids in captured water. The water is then reused or discharged appropriately into municipal systems.

Through regular maintenance and ongoing replacement of mixer trucks, we ensure that our rolling stock runs efficiently, conserving fuel and minimizing exhaust emissions.

Recycling rubble and unused concrete

By recycling concrete and asphalt rubble, we offer our customers – including government, municipalities and private owners – a dependable and economical “green” alternative to virgin aggregates. Recycling takes place on construction sites and in our construction yards. As part of our contract at Lester B. Pearson International Airport in Toronto, we recycled and crushed 450,000 tons of concrete rubble and used it for road base materials in the preparation of new aprons. In 2005, we sold approximately 434,000 tons of recycled concrete as aggregate, mainly in Ontario, compared to 500,000 tons in 2004. In Québec, Demix Concrete used approximately 190,000 tons of recycled concrete to make new product in 2005 and 100,000 tons in 2004. We also recycled in excess of 168,000 tons of asphalt in Ontario in 2005 compared to 243,000 tons in 2004.

Most of our concrete plants manage unutilized concrete by casting it into concrete blocks that are resold or by placing it in thin layers in the yard for subsequent crushing and resale as manufactured aggregate. In 2003, we built a concrete recycler at our LaSalle, Québec plant that allows recovery of most of the components of the mix.



Concrete recycler in LaSalle

Environmental profile: Concrete and aggregates

	2005	2004
Total raw materials consumed	1,000	1,000
Raw materials from recycled sources	100	100
Community consumption	0.0	0.0
• Estimated value		

Aggregates

At our quarries and pits, we manage noise, blast vibration, ground and surface water and visual impact on an ongoing basis. Rehabilitation is an ongoing commitment of an active pit or quarry. We rehabilitated four sites in Ontario in 2004 and one site in Québec in 2003 following the end of our quarrying activities. Rehabilitation plans and their implementation were approved by government authorities.

Vibration is mitigated through blast design and strict compliance with government guidelines. In this reporting period, 100% of our blasts were in compliance with vibration norms. We strive to limit noise by enclosing processing equipment, controlling truck traffic to and from operating sites and, in some cases, through the construction of sound barriers.

Groundwater effects are managed through monitoring and the design of water handling systems to protect surrounding lands. Water pumped from the water table to permit dry operations is managed to meet strict standards. In some cases, this water is reinjected elsewhere to restore seep baseflow.

Dust suppression measures used in our sites include the enclosure of crushing areas and conveyors, road watering, as well as the installation of water spraying systems. The access routes to most of our major sites have been paved to limit dust from truck traffic.

Visual impact is reduced through the use of berms and landscaping. Many of our sites have formed local partnerships with organizations such as Scouts Canada who participate in tree planting.

Awards and recognition

Our Canadian quarry received the award for the best quarry in the category of "mining and quarrying" at the Ontario Ministry of Natural Resources' Environmental Excellence Awards. The award was presented to our quarry in Whitby, Ontario, for its environmental leadership and commitment to the community. From Minister Miller.



Social performance

We are committed to providing healthy and safe workplaces and being responsible neighbours.





During this reporting period, we implemented a structured approach to Corporate Social Responsibility (CSR), including a corporate policy, strategies and measurement systems to monitor, evaluate and report on our progress. We define CSR as our commitment to work as partners with all our stakeholders to effectively improve the quality of life of the members of our workforce, their families and the local communities around our facilities.

CSR is locally managed and all of our business units have appointed CSR coordinators. They are responsible for coordinating local projects, communicating CSR activities internally and to external stakeholders, establishing stakeholder dialogue and relations, as well as participating in corporate monitoring, evaluation and reporting.

Our CSR approach focuses on six main pillars – business conduct, employment practices, occupational health and safety (OH&S), community involvement, customer and supplier relations, and monitoring and reporting.

Employment practices

St. Lawrence Cement Group counted 3,200 employees at the end of 2005. A large share of this number live in communities where we are a major employer and source of income. Our total payroll costs in 2005 amounted to \$245 million.

We pay competitive wages and offer employees numerous benefits, including many development opportunities through internal training and payment of tuition for approved external programs. In addition, we offer a confidential Employee Assistance Program to help employees and family members deal with a range of personal situations. During restructurings, we deal openly with affected employees and provide separation packages that exceed government standards.

Our workforce is culturally diverse and we fill positions based on qualifications. In 2005, the overall male/female ratio of our employees was 8:1.

Approximately 69% of our workforce was unionized at the end of 2005 and we have about 65 collective agreements in force for terms of up to five years. There were no labour disruptions at our plants in this reporting period.

Occupational Health & Safety

We are committed to providing healthy and safe workplaces. Towards this end, we have embarked on a comprehensive assessment and renewal of our approach to the management of occupational health and safety (OH&S).

This led to the development of action plans at each site to complete the required steps towards the implementation of a comprehensive OH&S management system across the company. In October 2005, this system was audited by health and safety professionals drawn from within and outside of Holcim. St. Lawrence Cement received an overall score of 99% with regards to compliance with Holcim standards.

During this reporting period, "Safety First" became our rallying cry. Significant improvements were recorded in our lost time injury frequency rate and we continued to outperform our industry in this important metric. We were deeply saddened by the deaths of two employees in tragic accidents in Ontario and Québec in 2004 – events that drove home the importance of safe behaviours to every employee.

Some of our business units distinguished themselves with solid OH&S performance in this reporting period.

- The Hagerstown cement plant continued to excel with no lost time accidents since the end of 2002 and a severity rate of zero since December 2003.
- Camden achieved a lost time injury frequency rate of zero in 2004 and 2005.

Three of our cement plants won awards from the Portland Cement Association for OH&S innovation and improvement in 2004. Catskill was recognized for an innovative solution that reduces accident risk associated with the cleaning of its slurry tanks. Mississauga was honoured for an imaginative system of street signs, some named for exemplary employees. The signage facilitates navigation through the plant site, including for evacuation purposes in case of an emergency. Joliette was recognized for a major safety improvement. In addition, two of our Ontario construction units were recognized for their safety performance by the Ontario Road Builders' Association.



Catskill employees responsible for a safety innovation

Community relations

We are committed to being responsible neighbours. This means operating in compliance with applicable regulations and being an integral part of the life of our communities. We accomplish this through support for local non-profit organizations, providing access to our properties and engaging in constant dialogue with residents to inform them of our activities, listen and respond to concerns.

Each year, we support hundreds of non-profit organizations and charities through financial donations, contributions of construction materials and permission to use our properties for outdoor activities. Through these and other actions, we seek to make a difference in our communities.

OH&S performance

	2002	2003	2004	2005
Lost time injury frequency rate (LTIFR)	14.3	10.2	7.5	4.2
Lost time injury severity rate (LTISR)	333.1	363.1	228.6	113.3



The focus areas of our donations policy are education, health and community services. Donation decisions are made mostly at the business unit level. Financial contributions may be made in support of a special project or as part of annual fund-raising campaigns such as those conducted by umbrella charitable organizations like United Way/Centraide.

Several of our business units have made long-term commitments to local communities. For example, a \$50,000 annual program has been established for local projects in areas surrounding our Varennes quarry near Montréal.

As part of our community outreach in Camden, New Jersey, we are supporting youth enrichment programs and health services through a five-year \$250,000 pledge under our *For Camden Today* program that was launched in 2001. A sister program called *For Camden Tomorrow* was initiated in 2003, offering internship opportunities for students and educational assistance.

Our Dufferin Concrete business unit in Ontario is a long-time supporter of Habitat for Humanity, a non-profit organization that builds affordable homes for underprivileged families.

Our quarry properties in Ontario and Québec are popular destinations for organized outdoor activities, mainly for local Scouts, educational institutions and nature enthusiasts. These include wilderness camping, hiking and bird watching. Each year, Scouts, parents and other neighbours join our employees in tree and shrub plantings in our quarries, usually during Earth Week.

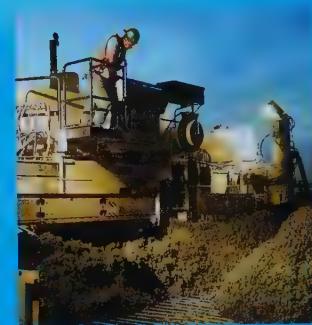
Community investments

	2002	2003	2004	2005
Contribution budget (\$ millions)	1.2	0.6	0.6	1.4
Number of community events	102	114	143	218



Economic performance

Our presence has a measurable positive economic impact on our communities.





Our products are essential to the construction industry, a key driver of economic activity that generates significant direct and indirect benefits early in the value chain. Because our cement, aggregates and concrete are generally consumed in proximity to their source, their utilization benefits local communities. Combined with the salaries and benefits, property and income taxes that we pay annually, as well as our capital expenditures, our presence has a measurable positive economic impact on our communities.

In Canada, we are vertically integrated with two cement plants and associated limestone quarries, aggregate quarries and sand pits, ready-mix concrete plants and construction companies. These businesses are located in Québec and Ontario. We also own distribution terminals in Québec, Ontario, Nova Scotia, New Brunswick and Newfoundland and Labrador.

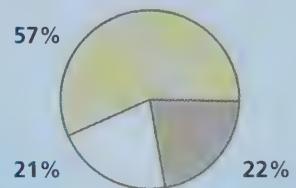
In the Northeast United States, we operate cement plants, a mineral components grinding facility and distribution terminals. Due to a shortage of domestic cement in the markets we serve, we supplement our own production with imports so that we can meet the needs of our customers.

Economic profile

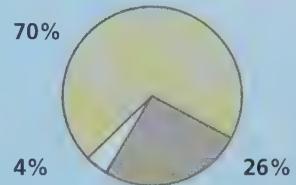
(millions of Canadian dollars, except return on average equity)

	2002	2003	2004	2005
Sales	1,189.2	1,149.2	1,278.0	1,317.8
Operating profit	139.3	119.3	131.4	128.0
Net earnings	85.3	65.4	67.1	20.6
Total additions to property, plant and equipment	97.4	77.3	75.5	72.1
Environment-related	9.3	4.2	8.0	4.6
Business acquisitions – net of cash	2.5	39.4	64.8	–
Return on average equity (%)	15.5	11.2	11.2	3.4

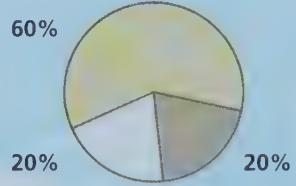
Sales contribution
by division – 2005
(percentage)



Operating profit
by division – 2005
(percentage)

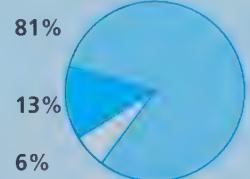


Property, plant and
equipment and goodwill
(\$808.3 million as of Dec. 31, 2005)
(percentage)



□ Ontario
■ Québec and Atlantic
△ United States

Cementitious
products transportation*
(percentage)



* 100% of concrete and aggregates are transported by road.

□ Road
■ Water
△ Rail

Customers and markets

We serve approximately 8,000 customers in our geographic markets. Our customers include manufacturers of ready-mix concrete and concrete products, building contractors, airport administrations, public works departments of towns and municipalities, as well as highway and transportation departments of state and provincial governments.

Our main markets in Canada extend from Manitoba to Newfoundland and Labrador. We serve customers in the Northeast U.S. from the Canadian border as far south as Virginia.

Suppliers

In this reporting period, our purchases of raw materials, goods and services averaged approximately \$507 million annually. Products and services are sourced centrally through a North American Procurement Organization that negotiates with suppliers on behalf of St. Lawrence Cement and Holcim (US) to obtain the best terms and conditions. A portion of our purchases is made locally in each of our three regional markets.

Governments

Income taxes paid to various government levels in this reporting period totalled approximately \$87.9 million, for an average of \$29.3 million annually.

In addition, we paid \$22.5 million in property and school taxes during the three-year period. These amounts represent a significant direct economic contribution shared by many local communities in our markets.

Investors and shareholders

We finance our operations through both internal cash flow, the securitization of a portion of our accounts receivable and borrowings. Our financial expenses totalled \$52.7 million for the reporting period, including interest payments made to the Holcim Group under the terms of two loan agreements. The balance of such expenses benefited financial institutions and their shareholders.

Our shareholders, including Holcim, received dividends of \$65.6 million in this reporting period. The quarterly dividend rate was increased by 12% to \$0.14 per share effective with the February 1, 2005 payment.

Product development

In 2003 and 2004, we invested approximately \$4.3 million and \$4.6 million, respectively, in research and development. This R&D was conducted in our own laboratories and externally at universities and research centres. We also supported R&D work carried out by Holcim and in the laboratories of the Cement Association of Canada and the Portland Cement Association through our membership in these organizations.

Encouraging sustainable construction



The Holcim Foundation for Sustainable Construction, established by Holcim in 2003, announced the winners of the initial Holcim Awards in North America at a ceremony held in Boston in 2005. A total of US\$220,000 in prize money was presented to the winners, with two of the top awards going to Canadian entries. The purpose of the Holcim Awards is to promote sustainable construction regionally as well as globally.

1) The first prize of US\$100,000 was awarded to a hybrid of urban, architectural and landscape design that guides the sustainable construction and renovation of 187 housing units near downtown Montréal in an area known as Benny Farm. The project integrates socio-economic processes and low-cost sustainable measures such as water treatment, geothermal heating and cooling systems, as well as provisions for waste management.

2) University of Manitoba Associate Professor Mark West won the third prize of US\$25,000 for an innovative technique for preformed concrete production. Professor West's project challenges the construction industry to achieve increased levels of efficiency and environmentally sensitive techniques for production. By using flexible fabrics instead of conventional rigid molds, concrete elements are able to vary according to structural requirements, promising significant savings in embodied energy, material and transport weight.

Employees

In 2005, we employed 1,200 people. Our total payroll costs, including salaries and benefits such as pension plan contributions, were approximately \$745 million for the year.

Employee distribution – December 31, 2005

Ontario:	1,848
Québec & Atlantic:	765
United States:	348
Corporate:	255



Erection of concrete transmission tower in Québec.

New uses for concrete

In collaboration with several partners, we are involved in a pilot project to test concrete towers as an alternative to steel structures for electricity transmission in Québec.

Nine high-performance tubular concrete towers manufactured in Switzerland have been erected by Hydro-Québec along a 2.3-km section of an existing transmission line north of Montréal. This pilot project is being closely monitored by several participants, including the provincial utility, preformed concrete company Schokbeton which has acquired the rights to this Swiss technology for Eastern Canada and the U.S. Northeast, and the internationally-renowned concrete experts at University of Sherbrooke.

Several members of our Québec & Atlantic Division have been involved in this project from the beginning. In fact, St. Lawrence Cement approached Hydro-Québec with this idea following the severe ice storm which struck many Québec regions in 1998, causing major damage to steel transmission towers and depriving thousands of residents of electricity for weeks.

Bio-diversity: doing our part

For the past several years, peregrine falcons have used the tall silos and high ledges of our Mississauga cement plant as a nesting place, resulting in two successful hatches to date for a total of five chicks. The plant has partnered with the Canadian Peregrine Foundation and, in cooperation with the Ontario Ministry of Natural Resources, has worked towards gaining a better understanding of how to provide favourable nesting conditions for these birds, an endangered species.

Our Joliette cement plant supported a program aimed at protecting wild garlic, an edible plant. More than 2,000 garlic plants, an endangered species in Québec, were transplanted in 2004 on its property in cooperation with the Montréal Botanical Garden.

In the development of quarry rehabilitation plans, our objective is to ultimately return each site to a productive use that takes local biodiversity into account. At our Milton Quarry near Toronto, for example, we have been working in partnership with the Bruce Trail Association and other local stakeholders in developing and implementing our progressive rehabilitation program. The quarry achieved a significant milestone in 2004 by planting its 50,000th tree since the beginning of its rehabilitation program 12 years ago.

Our markets



Our facilities

Ontario

Cement Plant

Mississauga
(1,450,000 tons)

Cement Distribution

Terminals
Duluth, MN
Mississauga

Slag Granulator

Sault Ste. Marie
(400,000 tons)

Concrete Plants

Aberfoyle
Agincourt
Aylmer
Beamsville
Bowmanville
Bradford
Burlington
Cambridge

Concrete Plants (cont'd)

Etobicoke
Georgetown
GTAA
Hannon
Kitchener
London
Malton
Maple
Markham
Mississauga
Niagara Falls
Orangeville
Peterborough
Port Hope
Simcoe
Stratford
Tillsonburg
Toronto
Welland
Whitby

Quarries, Sand and Gravel Pits

Aberfoyle
Acton
Bethany
Blair
Breslau
Buckhorn
Butler
Carden
Cayuga
Erin
Flamboro
Mill Creek
Milton
Mosport
Ogden Point
Putnam
Shelton
Simcoe
Woodstock (2)

Construction Services

Oakville

Asphalt Plants
Brantford
Cambridge
Cayuga
Hamilton
Kitchener
London
North London
Oakville
Simcoe

Construction Yards and Recycling Operations
Hamilton
London
Ottawa
Toronto

Québec & Atlantic

Cement Plant

Joliette
(1,100,000 tons)

Cement Distribution

Terminals
Argentia, NL
Bedford, NS
Corner Brook, NL
Joliette
LaSalle
Long Pond, NL
Longueuil
Moncton, NB
Nepisiguit, NB

Mineral Components Terminal

Trenton, NS

Concrete Plants

Montréal Region
LaSalle
Laval
Longueuil
Mont-Tremblant
St-Eustache
Valleyfield

Concrete Plants (cont'd)

Québec City/Eastern Townships Region
Drummondville
Lévis
Québec City
Richmond
Rock Forest

Quarries, Sand and Gravel Pits

Joliette
Laval
Mirabel
Ste-Angèle-de-Prémont
St-Charles-de-Mandeville
St-François
Varennes

Construction Services

Longueuil

Construction Yard and Recycling Operation Laval

United States

Cement Plants

Catskill, NY
(600,000 tons)
Hagerstown, MD
(550,000 tons)

GranCem® Facility

Camden, NJ
(600,000 tons)

Cement Distribution

Terminals
Maryland
Baltimore
Hagerstown
Massachusetts
Boston (Everett)

Cement Distribution

Terminals (cont'd)
New York
Buffalo
Catskill
College Point
Pennsylvania
Tarentum
Rhode Island
Providence

Mineral Components Terminal (GranCem®)

Camden, NJ

Quarries

Catskill, NY
Hagerstown, MD

Methodology

In this reporting period, we continued to implement standard management and reporting procedures for environmental and corporate social responsibility. Common standards are in place for our cement plants and grinding facility. We expect to complete the implementation of a structured system for our concrete, aggregates and construction operations in 2006.

CSR data, including OH&S, were compiled from standards reports submitted by all business units.

CO₂ emissions are calculated according to the WBCSD Cement CO₂ Protocol. Since 2005, SO₂ and NO_x data is based on continuous measurement whereas in prior years, the reported values were based on annual measurements.

Verification

The content of this report has not been reviewed by an independent party.

Information on the environmental performance of our cement plants was obtained through a questionnaire developed by Holcim and used throughout the Group. This environmental questionnaire and the related user manual were reviewed by SustainAbility Ltd., which concluded that they are "effective tools for assessing the environmental performance of Holcim's cement plants and quarries" and that they reflect "a significant commitment to understand and manage impacts".

Data for CO₂ inventory, as well as for NO_x and SO₂, were independently verified by KPMG as part of a mandate for Holcim Group.

Your comments

We value your opinion. Please let us know what you think of the information presented in this report by contacting us at communications@stlawrencecement.com. Your comments and suggestions will help us improve our sustainability reporting. We will plant one tree for each response.

Thank you for your interest.

Management

President and Chief Executive Officer Philippe Arto	Senior Vice-president United States Division Dennis Skidmore (until December 31, 2005) Michael Davis (as of January 1, 2006)	Vice-president Human Resources and Communications Carl Dubé
Senior Vice-president Québec & Atlantic Division Michel Damphousse	Vice-president and Chief Financial Officer Dean Bergmame	Corporate Director Environment Luc Robitaille
Senior Vice-president Ontario Division Paul Ostrander	Vice-president Cement Manufacturing and Engineering Denzil Cotera	Corporate Director Communications and Corporate CSR Coordinator Nicole Jarry

Glossary of terms

Aggregate

Mainly gravel, sand and crushed stone used for roadbase and in concrete and asphalt mixes.

Alternative fuels

Energy-containing wastes used to substitute for conventional thermal energy sources.

Alternative raw materials

Materials used as substitutes for conventional cement raw materials in cement manufacturing.

By-product

Secondary product of an industrial process.

Cementitious material

A material that may be used to substitute for cement in concrete mixes or for conventional raw materials in cement manufacturing.

Clinker

Decarbonized, sintered and rapidly-cooled limestone. Clinker is an intermediate product in cement manufacturing.

Concrete

A material produced by mixing binder, water and aggregate. The fluid mass undergoes hydration to produce concrete. (Average cement content in concrete is about 15%).

Eco-efficiency

Reduction in the resource intensity of production; i.e., the input of materials, natural resources and energy compared with the output; essentially, "doing more with less."

Fossil fuel

A general term for combustible geological deposits of carbon in reduced (organic) form and of biological origin, including coal, oil, natural gas and oil shale.

Kiln

Long, almost horizontal industrial oven for producing clinker used in the manufacture of cement.

Mineral component

An industrial by-product having cementitious properties. When used in concrete mixes, mineral components substitute for cement.

Sustainable business

A business that is able to anticipate and meet the economic, environmental and social needs of present and future generations of customers and other stakeholders.

Sustainable development

Ability to continually meet the needs of the present without compromising the ability of future generations to meet their own needs.

Waste

A by-product material having no or minimal economic value.

Business units

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www.online-cement.com

Joliette Plant

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Fax: (450) 756-4366

Demix Agrégats/Construction

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Fax: (450) 651-2695

Demix Béton

General Manager:
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Fax: (450) 651-2695

Energis

General Manager:
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Hagerstown Plant

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Catskill Plant

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Camden GranCem® Facility

General Manager: Michael Davis
(until December 31, 2005)
Plant Manager: Alton Popp
(as of January 1, 2006)
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Camden Grinding Facility

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Sustainable Development Fact Sheet Camden Grinding Facility – St. Lawrence Cement

February 2006

The Camden facility manufactures GranCem®, a cementitious product with binding properties that can replace up to 50% of the cement in concrete mixes (by weight). GranCem® is made from granulated blast furnace slag, a by-product of steel-making, and contributes to the reduction of greenhouse gases.

This fact sheet updates the facility's sustainable development actions and performance. It complements the Sustainable Development Report published in February 2006 by St. Lawrence Cement Group, which presents corporate policies and key performance indicators. We invite you to read the full report.

Key data	2003	2004	2005
Number of employees	21	22	22
Annual cementitious production capacity (metric tons)	500,000	600,000	600,000
Donations (US\$)	23,000	69,000	52,000





Alton Popp
Plant Manager
Camden Plant

Message from the Plant Manager

The Camden facility began production in 2001 as a state-of-the-art grinding plant designed specifically for processing granulated blast furnace slag. We have operated since the beginning in full compliance with all applicable regulations. During this reporting period, we have taken extra measures to ensure that we continue to be a responsible neighbour and employer in the long-term.

We have implemented rigorous management systems in the areas of environmental protection, quality, and occupational health and safety. These systems allow us to make continuous improvement in our key performance indicators.

Our environmental management system is certified under the internationally-recognized ISO 14001 standard, which carries with it the assurance that we consider every contingency when it comes to protecting the environment and the communities in which we operate. We obtained ISO 14001 registration in 2003, an important achievement for the plant's continued operation and a demonstration of our commitment to our neighbours. In 2004, we developed and implemented a quality management system that was certified under the ISO 9001 standard.

We have made safety a top priority. The importance of safe behaviours is emphasized constantly and our employees are encouraged to speak out about safety issues. Our efforts were rewarded with zero incidents in 2005 and 2004 following a 50% reduction in the frequency of lost time accidents in 2003 compared to the previous year.

The construction of a new pier next to the plant by the South Jersey Port Corporation (our facility is located on their property) complete with shore crane, will allow us to receive raw material directly at our plant. The granulated blast furnace slag is currently unloaded at another terminal and trucked approximately 5 km to the facility. The new pier was operational in October 2005.

Throughout the permitting process and since the start-up of production, we have been reaching out to our neighbours in order to explain our activities at the facility and work to better understand their needs and concerns. In addition, we initiated two long-term community programs to assist local organizations in their efforts to improve the quality of life in Camden. In 2004, we initiated a formal dialogue process through a community advisory panel that will help us remain in touch with the concerns of local residents.

Our actions and achievements during this period demonstrate clearly that the Camden facility is determined to be a good neighbour and an important economic contributor to the community for many years to come.

Alton Popp



Highlights

During this reporting period, we continued to improve our performance in key dimensions of sustainable development.

Management systems

- Our environmental management system (EMS) was certified under the ISO 14001 standard in 2004 following an independent audit. Guided by our EMS, we are looking to achieve continuous improvement in our environmental performance.

- We developed and implemented a quality management system and achieved ISO 9001 certification in 2004.

Environmental projects

- Since the end of 2005, we no longer truck our raw material into the plant. It is instead discharged directly at the plant from a new dock constructed by the South Jersey Port Corporation.
- Following a study in 2003, we completed a major mill modification in 2004. This resulted in a 10% increase in the production rate and a year-over-year decrease in electrical and gas consumption of 8% and 27%, respectively.
- We now use the bleed water from our cooling tower, which had previously been discharged, as part of the make up water for the mill's water injection system. This reduces our water consumption.
- We have consistently operated well below the allowable emissions limits in our air quality permit.



Social responsibility

- Our *For Camden Tomorrow* program helps promote excellence in math and sciences within the City of Camden, to prepare students to take on challenging roles in our industry or others. Since the program's inception in 2003, three candidates have been selected from Camden high schools. Three are pursuing engineering degrees and the freshman candidate started an electrical engineering degree in fall 2005.
- A \$250,000 commitment over a five-year period beginning in 2002, our *For Camden Today* Program supports effective community relations programs that focus on youth, education and health services.
- By focusing constantly on safety, we have created a better workplace for our employees. Our lost time injury frequency rate in 2004 and 2005 was zero. This followed a 50% improvement in the incident rate from 2002 to 2003.

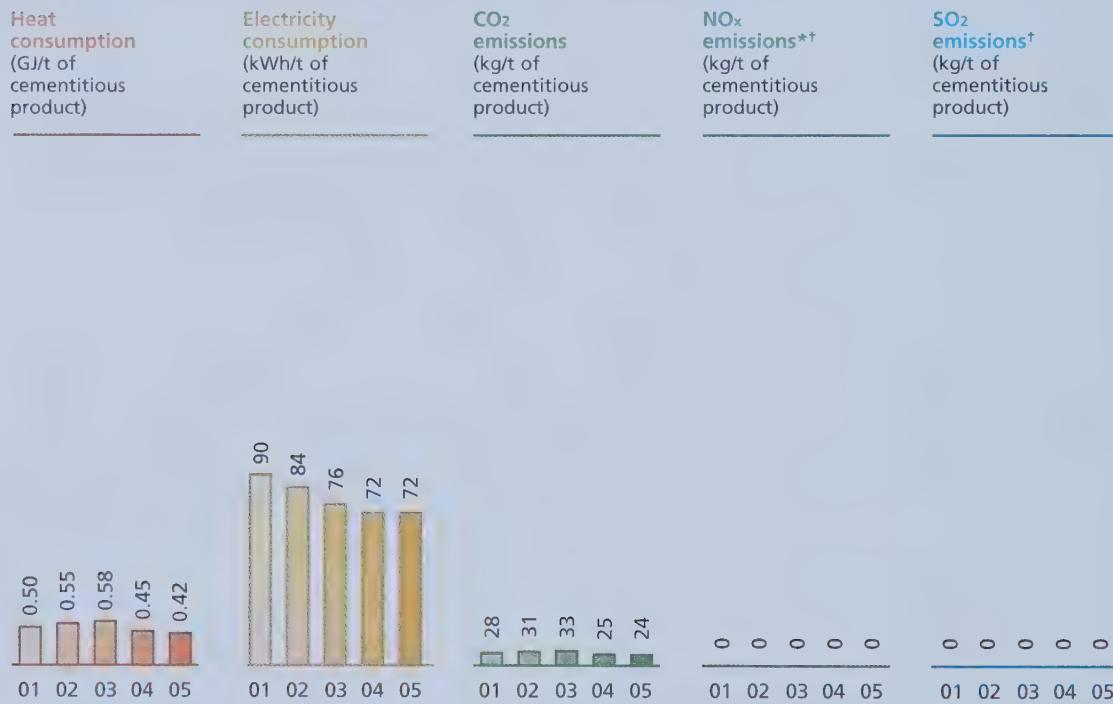


Camden OH&S team: Lamont Fields, Dispatcher;
Alton Popp, Plant Manager; Carol Stovall, Plant Operator;
John Krihwan, Technical Services Manager.

Eco-efficiency indicators

Our emissions of carbon dioxide (CO₂), nitrogen oxides (NO_x) and sulphur dioxide (SO₂) are extremely low when compared to cement production. The lower emissions associated with the production of GranCem®, a cement substitute, argue in favour of its use as a sustainable alternative to clinker-based cement.

Our electricity and heat consumption have improved steadily since the plant began production in 2001. This was initially achieved through continuous performance improvement followed by a major modification project in early 2004.



* Expressed as NO₂

† Continuous emission monitors are in use at all plants since 2005.
Prior years' data was based in part on annual stack measurements.

GJ: gigajoule

t: metric ton

kWh: kilowatthour

Catskill Plant

6446 Route 9W
Catskill, New York
Phone: (518) 943-4040
www.stlawrencement.com



Sustainable Development Fact Sheet

Catskill Plant – St. Lawrence Cement

February 2006

The Catskill plant manufactures cement from limestone extracted from a nearby quarry. Cement is the main bonding agent in concrete, one of the most widely-used – and durable – construction materials in the world.

This fact sheet updates the plant's sustainable development actions and performance. It complements the Sustainable Development Report published in February 2006 by St. Lawrence Cement Group, which presents corporate policies and key performance indicators. We invite you to read the full report.

Key data	2003	2004	2005
Number of employees	146	147	147
Annual cementitious production capacity (metric tons)	600,000	600,000	600,000
Reduction in net specific CO ₂ emissions since 1990 (%)	8.0	6.9	6.2
Donations (US\$)	20,000	21,000	23,000





Barry Rowland
General Manager
Catskill Plant

Message from the General Manager

During this reporting period, we have made great strides to improve our environmental performance through process modifications and other initiatives. The plant operated in compliance with all applicable regulations and we are committed to continuous improvement in the future. Our commitment to environmental excellence is promoted through training and integration into our business processes.

Our employees contribute directly to the achievement of our objectives through their awareness and actions. They have been instrumental in the implementation of rigorous management systems in the areas of environmental protection, quality, and occupational health and safety. These systems allow us to make continuous improvement in our key performance indicators.

Our environmental management system is certified under the internationally-recognized ISO 14001 standard, which carries with it the assurance that we consider every contingency when it comes

to protecting the environment and the communities in which we operate. We obtained ISO 14001 registration in 2004, an important achievement for the plant's continued operation and a demonstration of our commitment to our neighbours. In the same year, we also developed and implemented a quality management system that was certified under the ISO 9001 standard.

We have a rigorous health and safety program that involves everyone in the plant. By working together, we achieved a significant improvement in our safety performance in 2004 and were recognized with an award from the Portland Cement Association for this accomplishment.

We have confirmed that our quarry contains sufficient limestone reserves for another 20 years of operation at current production rates. Beginning in 2005, the plant embarked on a multi-year program to improve reliability, product consistency and environmental performance. This is exciting news for our employees and other stakeholders who have long counted on our plant for its economic contribution.

With a long-term vision for the plant, we are taking action on a number of fronts to remain a good neighbour. This includes several mitigation measures that will be implemented in the next few years. We are confident our actions will speak louder than words.

Barry Rowland

Catskill maintenance team implemented a cost-effective innovation which improved safety in its daily operations.



Highlights

During this reporting period, we continued to improve our performance in key dimensions of sustainable development.

Management systems

- Our environmental management system (EMS) was certified under the ISO 14001 standard in October 2004 following an audit by an independent auditor. Guided by our EMS, we are looking to achieve continuous improvement in our environmental performance.

- We developed and implemented a quality management system and achieved ISO 9001 certification, also in October 2004.

Environmental projects

- Further progress was made in reducing the generation of cement kiln dust (CKD) through process changes. The quantity of CKD stored or landfilled in 2005 was 530 tons, a 99% reduction since 1995. In 2003, the plant stored or landfilled just under 7,000 tons. Most of this CKD was sold as soil stabilizer. Our objective is to reduce CKD net generation to zero.
- We are implementing a dust reduction plan, including the construction of an additional storage building to reduce the potential for wind sweep, the installation of a foam spray system and extensive road paving within the plant perimeter. We have budgeted for the installation of a baghouse to replace our electrostatic precipitators.

- Major capital expenditures completed in 2005 to ensure plant reliability and product consistency will indirectly improve environmental performance since many of our challenges are related to kiln operating conditions.
- Plans are being implemented to use water from our quarry in cement manufacturing. When fully implemented, this will reduce our water intake from the Hudson River by 15-20%.
- We implemented an environmental monitoring and reporting system allowing us to continuously measure nitrogen oxides, sulphur dioxides and other atmospheric emissions.

Social responsibility

- In 2005, we laid the groundwork for establishing a formal dialogue process with our neighbours through a community advisory panel.
- Our quarry has adequate limestone reserves for an additional 20 years of operation and this could be extended through the use of granulated slag in the plant's cement manufacturing process. This means that the plant will continue to make a significant long-term economic contribution to the local community.
- Under our housekeeping program, we are implementing several actions to reduce potential dust sources and improve the physical appearance of the plant property.
- We received an "Outstanding Safety Improvement Award" from the Portland Cement Association for our safety performance in 2004 for a major reduction



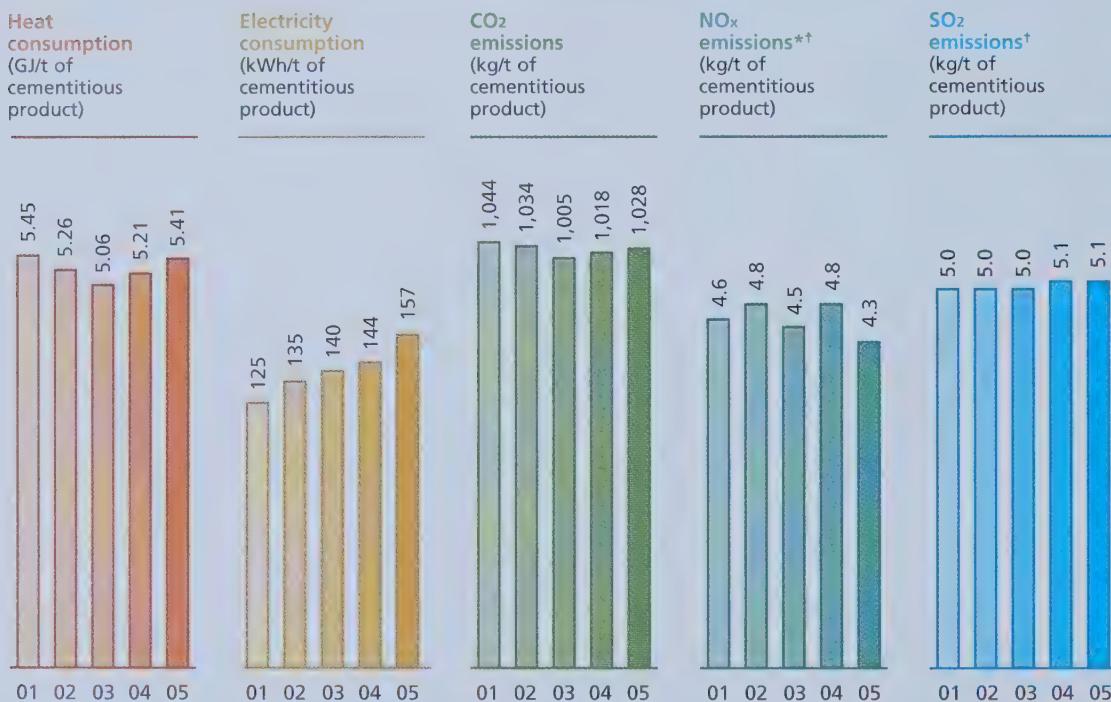
in the frequency of lost time injuries compared to the previous year. In 2003, the plant garnered an "Innovation in Safety" award thanks to the creative spirit of our employees.

Eco-efficiency indicators

We monitor and report carbon dioxide (CO₂) emissions according to the Cement CO₂ Protocol adopted by the World Business Council for Sustainable Development.

Continuous Emission Monitors (CEMs) were installed in 2004, providing the plant control room with real-time data on emissions of nitrogen oxides (NO_x) and sulphur dioxide (SO₂). In prior years, annual emission estimates were made using specific emissions data derived from periodic stack tests.

Emission levels have been relatively stable during the last three years. Our plant uses wet process technology and as a result, emission levels and heat and electricity consumption are above those of our sister plants.



* Expressed as NO_x

† Continuous emission monitors are in use at all plants since 2005.
Prior years' data was based in part on annual stack measurements.

GJ: gigajoule

t: metric ton

kWh: kilowatthour

Hagerstown Plant

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Sustainable Development Fact Sheet

Hagerstown Plant – St. Lawrence Cement

February 2006

The Hagerstown plant manufactures cement from limestone extracted from a nearby quarry. Cement is the main bonding agent in concrete, one of the most widely-used – and durable – construction materials in the world.

This fact sheet updates the plant's sustainable development actions and performance. It complements the Sustainable Development Report published in February 2006 by St. Lawrence Cement Group, which presents corporate policies and key performance indicators. We invite you to read the full report.

Key data	2003	2004	2005
Number of employees	109	106	110
Annual cementitious production capacity (metric tons)	550,000	550,000	550,000
Reduction (increase) in net specific CO ₂ emissions since 1990 (%)	(4.5)	0.3	5.1
Donations (US\$)	33,000	34,000	56,000





Gary Batey
General Manager
Hagerstown Plant

Message from the General Manager

The principles of sustainable development are our base when managing our resources. This includes caring for and protecting our employees, our neighbours and the environment, while manufacturing a product that meets customer needs.

Through our operations and investments, we generate tangible economic benefits in our community year after year. We strive to be a responsible neighbour and employer by continually reducing the environmental impact of our operations and providing a safe and healthy work environment. These objectives are fully integrated in our business planning and processes.

Our employees contribute directly to the achievement of our objectives through their awareness and actions. They have been instrumental in the implementation of rigorous management systems in the areas of environmental protection, quality, and occupational health and safety. These systems allow us to make continuous improvement in our key performance indicators.

Our environmental management system is certified under the internationally-recognized ISO 14001 standard, which carries with it the assurance that we consider every contingency when it comes to protecting the environment and the communities in which we operate. We obtained ISO 14001 registration in 2003, becoming the first cement plant in the United States to do so. This achievement is a source of pride for our employees and was recognized by Businesses for the Bay, an organization dedicated to the protection of the Chesapeake Bay.



We have improved our environmental performance measurably in recent years, including a significant reduction in atmospheric emissions through process modifications, greater utilization of mineral components and other initiatives.

Providing a safe workplace is a top priority. Through the proactive approach of our Safety Committee, comprised of representatives from the various areas of the plant, and the attention of our employees, we did not record a single lost time accident in 2003, 2004 and 2005. In 2003 and 2004, we received safety awards from the Portland Cement Association for the accomplishment of these milestones.

As part of our commitment to sustainability, we support many community activities through donations and the participation of our employees. In 2003, we celebrated the plant's 100th anniversary with an Open House event for our neighbours, giving them a first-hand look at our operations. We recently established a community advisory panel to promote open dialogue with our neighbours.

In the years ahead, we are focused on continuous improvement in eco-efficiency and committed to regular reporting of our performance.

Gary Batey



Highlights

During this reporting period, we continued to improve our performance in key dimensions of sustainable development.

Management systems

- We successfully achieved ISO 14001 certification of our environmental management system in 2003, becoming the first cement plant in the United States to do so.

- In 2004, our quality management system was certified under the ISO 9001 standard.

Environmental projects

- We invested approximately one million dollars in the construction of a recirculation cooling water system to reduce the plant's water requirements. The new system became operational in the second half of 2005.
- We implemented an environmental monitoring and reporting system allowing us to continuously measure nitrogen oxides, sulphur dioxides and other atmospheric emissions.
- In order to reduce our coal consumption, we installed a mid-kiln firing system in 2003. This \$1.2 million investment allows the plant to generate a portion of its energy needs with used automobile tires. As a result, we are now consuming a lower quantity of non-renewable fuel while recovering energy from a waste product that would otherwise go to landfill.

- We installed a more energy efficient crusher in our quarry.



Social responsibility

- We recorded zero lost time accidents in 2003, 2004 and 2005.
- Since 2003, we have been conducting quarry safety training sessions in local elementary schools. Using an educational program developed by the Maryland Aggregates Association, our employees impress upon nine- and ten-year-olds the need to stay away from quarries as they are not a place to play.
- In 2003, we celebrated the plant's 100th anniversary with an Open House that attracted over 700 family, friends, neighbours, and local government officials.



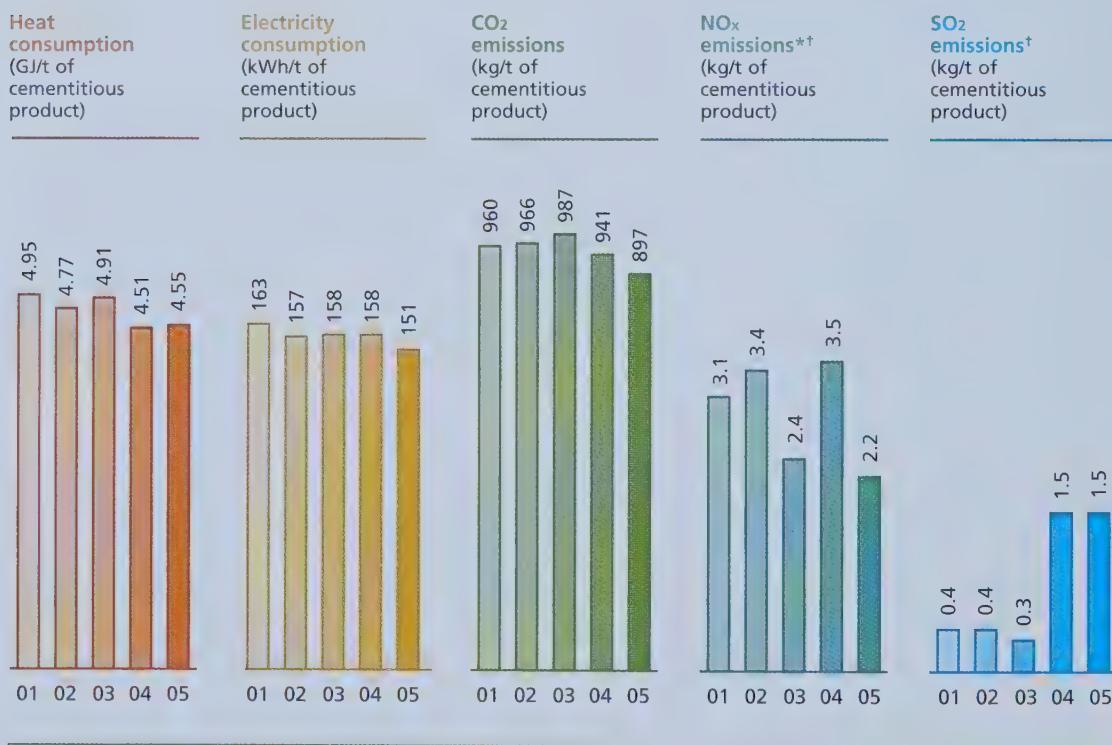
Eco-efficiency indicators

We monitor and report carbon dioxide (CO₂) emissions according to the Cement CO₂ Protocol adopted by the World Business Council for Sustainable Development.

Continuous Emission Monitors (CEMs) were installed at the plant in 2003, providing the plant control room with real-time data on emissions of nitrogen oxides (NO_x) and sulphur dioxide (SO₂).

Tire-derived fuel (TDF) was introduced as a partial substitute for natural fossil fuels in October 2003, resulting in a significant change in combustion conditions. The TDF system has since been operated under different sets of conditions to optimize its performance, a process that continued into 2005. We expect that the use of TDF will result in lower emissions of NO_x per ton of cementitious product.

The limestone extracted from our quarry has low SO₂ content. Measures to return SO₂ to historical levels are in progress. Limestone is the main raw material for cement production.



* Expressed as NO_x

† Continuous emission monitors are in use at all plants since 2005.
Prior years' data was based in part on annual stack measurements.

GJ: gigajoule

t: metric ton

kWh: kilowatthour

Joliette Plant

Sur le chemin des Prairies
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Sustainable Development Fact Sheet

Joliette Plant – St. Lawrence Cement

February 2006

The Joliette plant manufactures cement from limestone extracted from a nearby quarry. Cement is the main bonding agent in concrete, one of the most widely-used – and durable – construction materials in the world.

This fact sheet updates the plant's sustainable development actions and performance. It complements the Sustainable Development Report published in February 2006 by St. Lawrence Cement Group, which presents corporate policies and key performance indicators. We invite you to read the full report.

Key data	2003	2004	2005
Number of employees	207	223	228
Annual cementitious production capacity (metric tons)	1,100,000	1,100,000	1,100,000
Reduction in net specific CO ₂ emissions since 1990 (%)	14.9	13.8	14.5
Donations (\$)	31,000	47,000	32,000





Georges Hubin
General Manager
Joliette Plant

Message from the General Manager

The Joliette plant is an active contributor to the economic well-being of the Lanaudière region and assumes its responsibilities in St. Lawrence Cement Group's sustainable development. The plant is recognized by the neighbouring community for its social responsibility and awareness of the impacts of its operations.

Our employees have devoted considerable effort in this reporting period to achieve continuous improvement in our environmental management system, the certification of our quality management system as well as the implementation of a health and safety management system.

The health and safety of our employees is a top priority. Our lost time injury frequency rate was 6.4 in 2005. In 2004, it was 4.9, a 62% improvement compared to 2003. This accomplishment was recognized by the Portland Cement Association. The plant was awarded a "Major Safety Improvement Award" for a 50%-75% lost time improvement.

Our environmental management system is certified under the internationally-recognized ISO 14001 standard, which carries with it the assurance that we consider every contingency when it comes to protecting the environment and the communities in which we operate. In 2004, the plant received the prestigious Phénix Award in recognition of its compliance with regulatory requirements, constructive community dialogue and the certification of its environmental management system to the ISO 14001 standard.



In 2004, we obtained ISO 9001 certification for our quality management system. This achievement reflects our determination to maintain high performance standards and to work continuously to improve our business relationship with our customers in order to make them more competitive in their markets.



Isabelle Beaudoin, Manager of Occupational Health and Safety and Environment, Pierre Beaulieu, Community Relations Manager and Benoit Provencher, Production Manager.

Georges Hubin

This fact sheet demonstrates the improvements made in the past three years. The integration of our three management systems in the areas of occupational health and safety, environment and quality will allow us to stay the course in the years ahead.

Highlights

During this reporting period, we continued to improve our performance in key dimensions of sustainable development.

Management systems

- We were the first cement plant in Québec to obtain ISO 14001 certification. Our quality management system was fully implemented and certified under the ISO 9001 standard in December 2004.
- In 2004, the cement plant was awarded the prestigious "Phénix Award for Environmental Performance" in the "Know-how in Sustainable Development" category. The plant received this recognition for its management system and many environment-related initiatives.



Environmental projects

- In May 2004, the plant certified the continuous emission monitors installed on its clinker kilns. Installed at a cost of \$1.4 million, the monitors transmit data on the constituents of combustion gases to kiln operators in real time.
- Caring about the impact of its activities on the environment, the plant is reducing CO₂ emissions and conserving fossil fuels and non-renewable resources by substituting these with wastes and alternative raw materials. Tires, used oils, dried sewage treatment sludge and wood are among the alternative fuels used by the plant. Such fuels accounted for 26% of the plant's thermal energy requirements in 2005.

- In 2003, St. Lawrence Cement contributed to the survival of wild garlic, an endangered edible plant, by transplanting more than 2,000 of the plants under a program led by the Montréal Biodôme.

- As part of Earth Day 2004, 200 trees were planted on the property, one for each Joliette employee.



Social responsibility

- For over a decade, the plant has maintained a constructive dialogue with the neighbouring community through a citizens' committee called COSE Lanaudière. The committee is made up of representatives of municipalities, agricultural producers, the public health authority, the Ministry of Sustainable Development, Environment and Parks, residents and plant representatives.
- In September 2005, we organized a special Open House to commemorate the plant's 40th anniversary. We welcomed customers, family, neighbours, local politicians and senior management for a day of activities. 1,300 people turned out for the event.

- The plant is proud to support various community organizations and to participate actively in many regional events. In 2004, St. Lawrence Cement contributed \$10,000 towards repairs to the tennis courts in St-Thomas. For several years, the plant has supported a non-profit organization dedicated to the development of the Assumption River, with financial support totalling more than \$45,000. This funding has enabled the completion of several projects that have provided access to the river for citizens, including a pedestrian overpass connecting the shore to the Base-de-Roc and Vieux-Moulin trails, as well as the construction of a pavilion near the water.

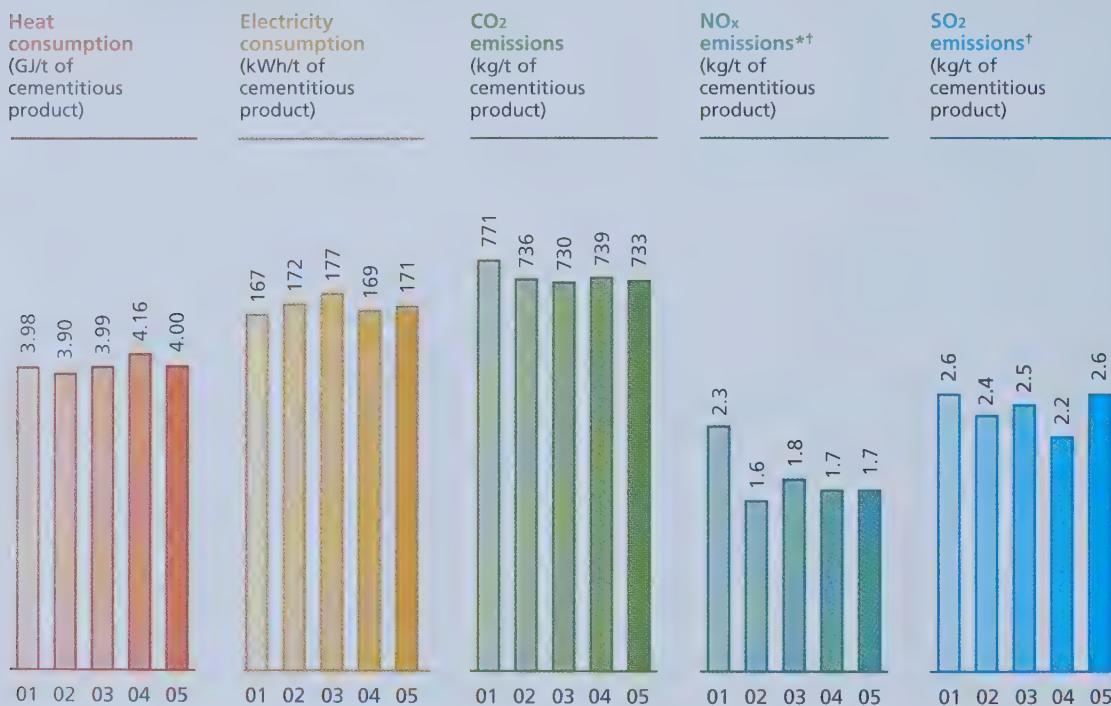
Eco-efficiency indicators

We monitor and report carbon dioxide (CO₂) emissions according to the Cement CO₂ Protocol adopted by the World Business Council for Sustainable Development.

Continuous Emission Monitors (CEMs) were installed in 2003, providing the plant control room with real-time data on emissions of nitrogen oxides (NO_x) and sulphur dioxide (SO₂).

CO₂, NO_x and SO₂ emissions declined in 2002 when the volume of alternative fuels was increased significantly following the introduction of a new granular fuel feed system. SO₂ levels are consistent with the natural variability of sulphur content in the limestone from our quarry.

Following a major plant optimization review conducted in 2003, process improvements are being made to further lower plant emissions.



* Expressed as NO₂

† Continuous emission monitors are in use at all plants since 2005.
Prior years' data was based in part on annual stack measurements.

GJ: gigajoule

t: metric ton

kWh: kilowatthour

Mississauga Plant

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Sustainable Development Fact Sheet

Mississauga Plant – St. Lawrence Cement

February 2006

The Mississauga plant manufactures cement from limestone extracted from the Ogden Point quarry, which is located 160 km east of Toronto near Colborne. Cement is the main bonding agent in concrete, one of the most widely-used – and durable – construction materials in the world.

This fact sheet updates the plant's sustainable development actions and performance. It complements the Sustainable Development Report published in February 2006 by St. Lawrence Cement Group, which presents corporate policies and key performance indicators. We invite you to read the full report.

Key data	2003	2004	2005
Number of employees	185	186	186
Annual cementitious production capacity (metric tons)			
Cement	1,450,000	1,450,000	1,450,000
GranCem®	225,000	225,000	225,000
Reduction in net specific CO ₂ emissions since 1990 (%)	17.9	20.1	18.0
Donations (\$)	23,000	19,000	20,000





Patrick Franchomme
General Manager
Mississauga Plant

Message from the General Manager

The Mississauga plant is driven by a basic philosophy – to do better tomorrow than we did today. This philosophy is reflected in all aspects of our business, whether employee safety, environmental performance, the quality of our product or our relationship with our stakeholders.

To support the concept of sustainable development, we need raised awareness of the impact of our activities and a commitment to continuously improve. These concepts form the foundation of the Mississauga plant's environmental management system (EMS) and it can be verified at all levels of our organization, from senior management to each employee. In 2002, the plant became the first cement plant in North America to become ISO 14001: 1996 certified. In 2004, the plant expanded its 14001 registration to include its Ogden Point Quarry. In 2005, we successfully renewed our certification. The internationally-recognized ISO 14001 standard carries with it the assurance that we consider every contingency when it comes to protecting the environment and the communities in which we operate.

In 2003 and 2004, we continued to improve our environmental performance in the areas of emissions, noise, fugitive dust and natural resources utilization. Our progress was recognized in 2005 when the plant received the award in the "Overall Environmental Excellence" and "Environmental Performance" categories in the 2004 North American Cement Industry Environment and Energy Awards. We had previously won these awards in 2003 for actions taken in 2002. Our commitment was further recognized in 2005 by the Mississauga Board of Trade which awarded the plant an Environmental Excellence Award.

The safety of our employees, contractors and visitors is a top priority. Our health and safety program includes everyone at the plant and is driven by our Joint Health & Safety Committee. This focus resulted in our employees celebrating one year without a lost time accident in February 2004.

As part of our commitment to sustainability, we maintain an open dialogue with our stakeholders. Meetings are held regularly with local ratepayer associations, the Ministry of the Environment and special interest groups such as the Canadian Peregrine Foundation in order to better understand their needs and concerns. We also invite neighbours to the plant and quarry during Open House events providing visitors the opportunity to learn more about our operations, discuss issues and ask questions.

As we enter our 50th year of operations in Mississauga, we will continue to do better tomorrow than we did today through our commitment to continuous improvement and proactive dialogue.

Patrick Franchomme



Highlights

During this reporting period, we continued to improve our performance in key dimensions of sustainable development.

Management systems

- We successfully achieved ISO 14001 re-certification of our environmental management system in 2005. Four years ago, we became the first cement plant in North America to obtain this certification.
- Our plant won top honours in the Overall Environmental Excellence and Environmental Performance categories at the 2004 North American Cement Industry Environment and Energy Awards.
- We were also awarded a 2005 Environmental Excellence Award from the Mississauga Board of Trade for 2004 achievements.
- In 2004, our quality management system was certified under the ISO 9001 standard.



PCA Awards ceremony

Environmental projects

- Working closely with local construction companies, we were able to meet our 2003 and 2004 shale requirements from their work sites, resulting in zero shale extraction from our quarry and avoided the landfilling of this shale from the construction sites.
- With a comprehensive recycling and waste reduction plan, we reduced the quantity of roll-off waste and annual waste management costs in 2004 by 30% and 22%, respectively, compared with 2003.
- We saved 4.6 million kWh of electricity in 2004 compared to 2003 through the efforts of two plant teams which investigated ways to reduce our electrical consumption.

- Through the installation of more than two-dozen noise silencers, the replacement of four fans with high efficiency units and improved employee practices, the plant significantly reduced its noise impact on the community and received no noise complaints in 2004.

- Road paving, the installation of a water sprinkler system and the planting of grass and plants, combined with good housekeeping, resulted in an 11% reduction of internal dust fall measurements in 2004 compared to 2003.

- Using continuous emissions monitoring systems, we measure, monitor and report our emissions of nitrogen oxides, sulphur dioxide and other atmospheric emissions according to Holcim's corporate standards.

Social responsibility

- We achieved 12 months without a lost time accident in February 2004. Our lost time injury frequency rate was 2.6 in 2005 compared to 5.0 in 2004.
- Successful open houses were held at the Ogden Point Quarry in 2003 and the Mississauga cement plant in 2004, attracting 350 and 700 neighbours, respectively. The cement plant hosts plant tours for local organizations, associations and schools.

- We maintain regular communication with the local community, including visits to local ratepayer association meetings, allowing management to keep the community aware of plant activities, programs and improvements, while learning about the concerns and interests of neighbours.

- We are working closely with the Canadian Peregrine Foundation and the Ministry of Natural Resources in helping to strengthen the survival of peregrine falcons in Ontario. Two falcons have resided at the cement plant and there have been two successful hatches with a total of five chicks.

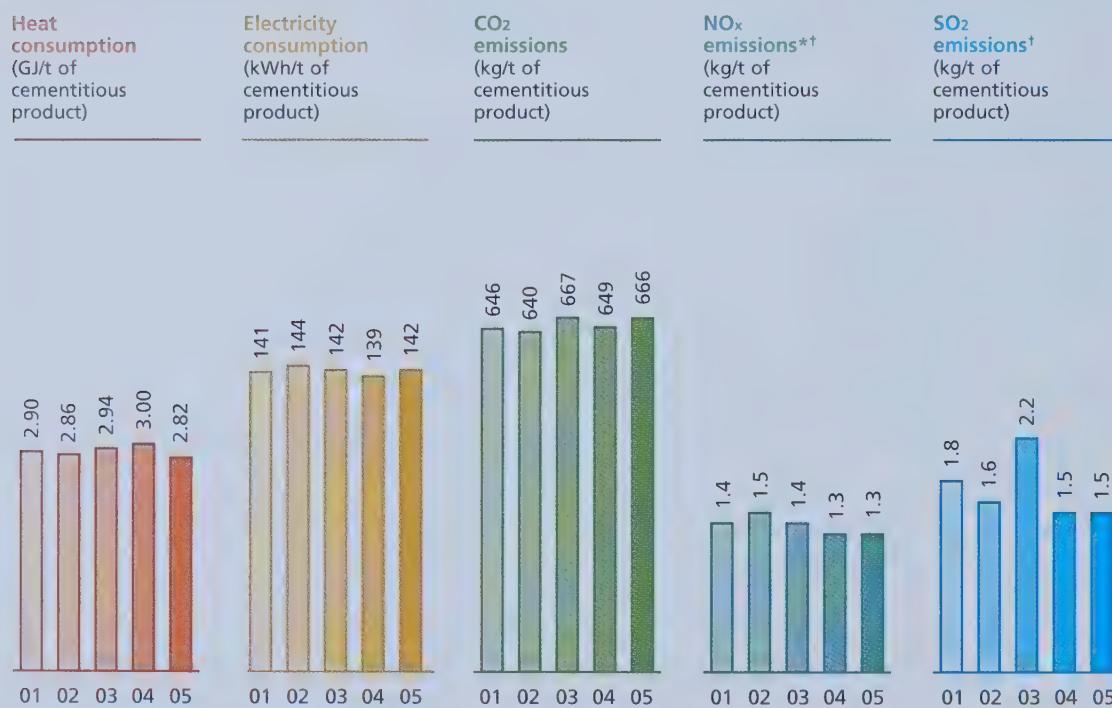
Eco-efficiency indicators

We monitor and report carbon dioxide (CO₂) emissions according to the Cement CO₂ Protocol adopted by the World Business Council for Sustainable Development.

Continuous Emission Monitoring (CEM) equipment was installed more than five years ago, providing the plant control room with real-time data on emissions of nitrogen oxides (NO_x) and sulphur dioxide (SO₂).

Our emission levels have been relatively stable in the past five years, showing a slight downward trend throughout the entire period. In 2003, due to a temporary change in the fuel mix, CO₂ concentrations were slightly higher than in the previous year but returned to historical levels in 2004. Limestone is the main raw material for cement production. The limestone extracted in 2003 exhibited higher natural levels of sulphur, which varies depending on the area mined. The SO₂ emissions increase in 2003 was mainly due to higher sulphur content in the limestone.

We currently meet the limits implemented in the new 2005 Ontario regulation on industry emissions for NO_x and SO₂. The Ontario cement sector must reduce emissions to the level that our plant has already achieved.



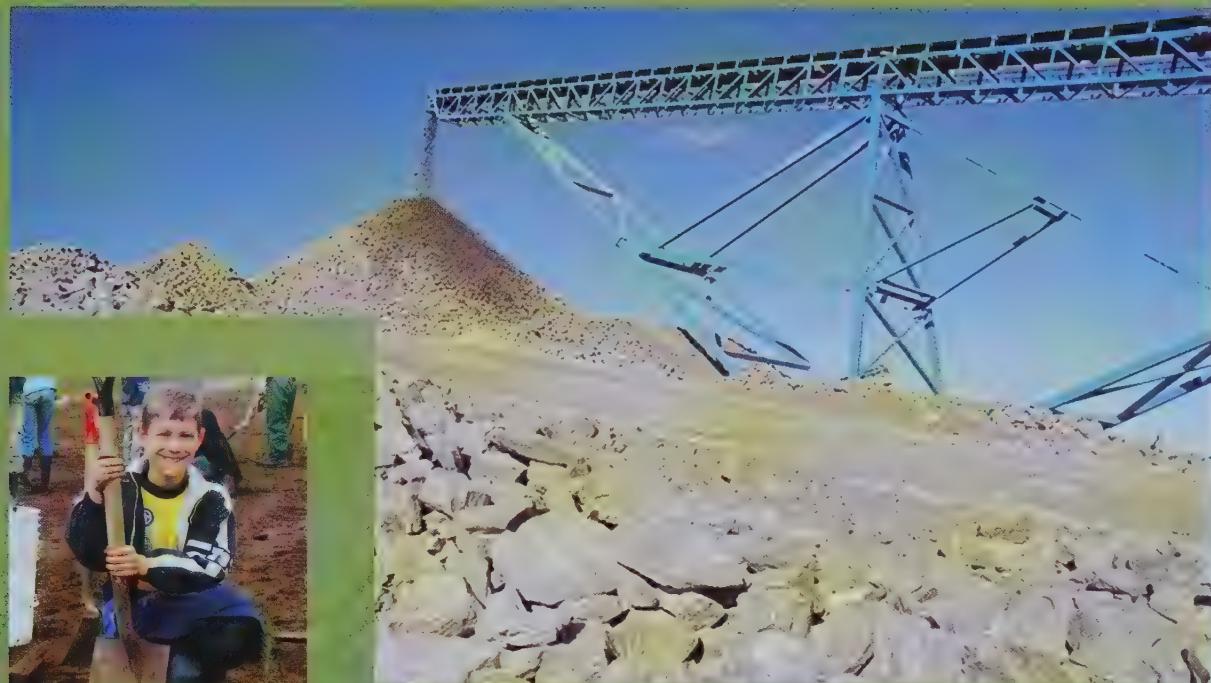
* Expressed as NO_x

† Continuous emission monitors are in use at all plants since 2005.
Prior years' data was based in part on annual stack measurements.

GJ: gigajoule

t: metric ton

kWh: kilowatthour



Sustainable Development Fact Sheet

Demix Agrégats – St. Lawrence Cement

February 2006

Demix Agrégats, a business unit of St. Lawrence Cement, is a leading aggregates supplier in the province of Québec with six quarries and sand pits.

This fact sheet presents an overview of Demix Agrégat's sustainable development actions and performance. It complements the Sustainable Development Report published in February 2006 by St. Lawrence Cement Group, which presents corporate policies and key performance indicators. We invite you to read the full report.

Key data	2003	2004	2005
Employees	140	142	122
Quarries and sand pits	5	6	6
Aggregate volumes (tons)	4,503,300	4,338,000	4,315,000
Donations (\$)	52,000	52,000	58,500

Our commitment

Demix Agrégats is committed to sustainable development. In our business, this means rehabilitating pits and quarries, managing dust, vibrations and noise, mitigating visual impact and providing safe and healthy working conditions for our employees.



Environmental performance

We have implemented many environmental best practices in our sites to control our performance and achieve continuous improvement. ISO 14001 certification was obtained in April 2005, making Démix Agrégats the first Québec aggregates supplier to reach this objective. This environmental management system complements the quality management system (ISO 9001) already in place. The following are some of our best practices:

- Vibrations are monitored and electronic detonators are used during blasting to control impacts.

- Dust is reduced by spraying dynamited areas, rock piles and access roads.
- Noise levels and water quality are monitored.
- Water is used in closed-loop systems.
- Water table levels are monitored at sites where neighbours could be affected.
- Berms are built to reduce noise.
- A project is underway to measure dust emissions.
- Concrete and asphalt rubble is recycled.

Rehabilitation

Global rehabilitation plans have been finalized for all of our sites. They are executed in phases as material becomes available. For re-vegetation, soils are recovered from the site and supplemented by

mulch from the shredding of branches from tree-clearing at the Varennes site. Tree and shrub planting is an annual activity carried out by our employees and local Scouts.

Projects and investments

In 2003 and 2004, investments of more than \$1.1 million were made to improve our environmental performance. The investments were for the following projects:

- Paving of access roads to our Laval, Varennes and St-François sites;
- Improvements to the electrostatic scrubbers at the Laval site;
- Planting of vegetation on the berms at the Laval site;

- Replacement of rolling stock used for loading at our Laval and St-François sites, resulting in lower emissions and fuel consumption;
- Construction of a storage building for hazardous products to prevent spills that could cause soil contamination;
- Purchase of an oil and grease separator for the garage at the Mirabel site.

Communication, awareness and training

New employees receive training in environmental awareness, including a presentation of our environmental policy. Our internal newsletter is used to foster awareness and to keep employees informed of our environmental programs. Annual meetings are also held with all employees to report on environmental performance compared to objectives and to discuss issues and problems.

Community

We host site visits for mineralogy and university associations in response to requests. In addition, our sites organize visits for elementary school children from neighbouring schools. Scout groups participate in annual planting activities at our Varennes site and are also building a nature trail in the wooded area of the quarry. A donation program underway for several years in Varennes supports community projects established jointly with a citizens' group.

We undertake to respond efficiently to complaints and requests from the community and to take quick corrective action, if required. Site visits are organized when necessary to respond to specific questions.



Sustainable Development Fact Sheet

Demix Béton – St. Lawrence Cement

February 2006

Demix Béton, a business unit of St. Lawrence Cement, is a leading supplier of concrete in the province of Québec with 11 ready-mix plants.

This fact sheet presents an overview of Demix Béton's sustainable development actions and performance. It complements the Sustainable Development Report published in February 2006 by St. Lawrence Cement Group, which presents corporate policies and key performance indicators. We invite you to read the full report.

Key data	2003	2004	2005
Employees	404	419	352
Concrete plants	12	12	11
Concrete volumes (m ³)	708,000	795,000	756,000

Our commitment

Demix Béton is committed to sustainable development. In our business, this means managing water use, fugitive dust and dust emissions, reducing fuel consumption and providing safe and healthy working conditions for our employees.



Environmental performance

We have implemented many environmental best practices in our sites to control our performance and achieve continuous improvement. In 2004, we began developing an environmental management system in compliance with the ISO 14001 standard for our sites located in Greater Montreal. The following are some of our environmental practices:

- Unutilized concrete is recycled or cast into blocks or placed into thin layers in the yard for subsequent crushing.

- We control fugitive dust by spraying access roads to our plants.
- Concrete trucks are washed in closed loop wash-out stations.
- Polished storm water and process water are used for mixing concrete.
- Inspection procedures are in place for oil and grease used in our plants; we have procedures for managing hazardous waste.
- Paper, cardboard, bottles and containers are recycled.

Projects and investments

In 2003 and 2004, investments of \$1.2 million were made to improve our environmental performance. The following projects were completed or initiated:

- Integration of environmental best practices in the design of our new Laval ready-mix plant and garage;
- Acquisition of new generation concrete trucks to reduce emissions and reduce fuel consumption;
- Paving of access roads at several sites;
- Increase in the capacity of settling ponds at our St-Eustache, Drummondville and Rock Forest plants to allow polished water to be used in making concrete;
- Improved drainage system installed at our St-Eustache site;
- Installation of dust filters at truck loading points in St-Jovite and Lévis plants;

- Concrete recycler built at our LaSalle plant;



- Sand filters installed at our Québec plant to capture sediments in storm water.

Communication, awareness and training

New employees receive training in environmental awareness, including a presentation of our environmental policy. Our internal newsletter is used to foster awareness and to keep employees informed of our environmental programs.

Our environmental policy and instructions on the environmental responsibilities of visitors, contractors and suppliers are communicated to these interested parties.

We participated actively in the drafting and revision of a best practice guide for the environmental management of ready-mix plants in conjunction with the Québec Concrete Association.

Community

We host site visits for university associations in response to requests. In addition, some of our sites organize visits for elementary school children from neighbouring schools.

We undertake to respond efficiently to complaints and requests from the community and to take quick corrective action, if required.



Sustainable Development Fact Sheet

Dufferin Aggregates – St. Lawrence Cement

February 2006

Dufferin Aggregates, a business unit of St. Lawrence Cement, is a leading supplier of aggregates for the construction industry in southwestern Ontario.

This fact sheet updates Dufferin Aggregates' sustainable development actions and performance. It complements the Sustainable Development Report published in February 2006 by St. Lawrence Cement Group, which presents corporate policies and key performance indicators. We invite you to read the full report.

Key data	2003	2004	2005
Dolostone Quarries	5	6	6
Total Production (millions of tons)	9.6	10.9	10.8
Land Rehabilitated in Year (ha)	14.5	8.5	13.7
Total Land Rehabilitated (ha)	125.4	133.9	147.6
Sand & Gravel Pits	6	16	16
Total Production (millions of tons)	3.4	6.5	6.1
Land Rehabilitated in Year (ha)	12.6	2.0	12.3
Total Land Rehabilitated (ha)	177.4	179.4	191.7





Bill Galloway
General Manager
Dufferin Aggregates

Message from the General Manager

We follow the principles of sustainable development when managing all of our resources. This includes caring for the communities where we operate, protecting the natural environment, rehabilitating our pit and quarry sites and replacing our supplies with new ones, as they are depleted.

Our commitment

Dufferin Aggregates is committed to sustainable development. In our business, this means rehabilitating pits and quarries, managing dust, vibration and noise, mitigating visual impact and providing safe and healthy working conditions for our employees.



Milton quarry rehabilitation

Rehabilitation

Dufferin Aggregates is committed to rehabilitating our pit and quarry sites through good planning to make the best use of the soil resources on site during daily operations, and importing additional materials if necessary with strict controls. We are creating attractive new landscapes for agriculture, conservation and recreational uses. In 2004 we received industry awards for rehabilitation at three of our sites, these awards are only given to sites that have completed substantial rehabilitation exceeding the expectations required by regulators.



Scouts participating in an annual tree planting activity

At the Milton quarry, the focus of rehabilitation is on a cliff landscape, compatible with the surrounding Niagara escarpment. Part of the quarry is already developing as a wetland and forested habitat with 41 species of birds breeding there, including cliff swallows.

We share our successes with others, through case studies, talks and publications to advance awareness for the industry and the importance of managing non-renewable resources and creating valuable after-uses. We also support research into rehabilitation practices.

Bill Galloway

Replacing supplies: non-renewable mineral aggregates

In order to sustain a supply of high quality aggregates, Dufferin is replacing depleted supplies by extending existing operations, and acquiring new ones.

Licensing aggregates requires detailed background studies, public participation and various levels of government approvals in Ontario. A new operation or extension to an existing one requires planning approvals from the municipalities, licensing by the Ministry

of Natural Resources, and several environmental approvals from the Ministry of the Environment (MOE).

The strict requirements that come with agency approvals include studies of natural heritage features such as wetlands, springs and ecosystems that interact with the groundwater and surface water, to ensure protection of the natural environment and neighbouring communities.

Licensing new supplies

We began planning for the expansion of our Milton quarry in the Greater Toronto Area in 1996 with in-depth environmental research and geological studies that formed the basis for the license application. Final approval for an 83-hectare extension is pending.

The extension proposal illustrates Dufferin's leading edge approach to land and resource management, environmental protection and community partnering. It includes an extensive environmental monitoring and mitigation program. Approximately 1,000 acres of rehabilitated lands and natural forest will revert to public ownership at the end of operations.

In spring 2003, Dufferin acquired the Flamboro Quarry from the Grey family. The quarry is located near the City of Hamilton and has a well established customer base for crushed stone products and armour stone in the Hamilton area.

In spring 2004, Dufferin acquired Forwell Limited sand and gravel pits and asphalt plants in the Kitchener and Cambridge area, to complement St. Lawrence Cement's presence there with Dufferin Concrete.

Also in 2004 St. Lawrence Cement completed the acquisition of Cayuga Materials and Construction, a supplier of crushed stone, sand and gravel products and asphalt in the Niagara, Simcoe and London areas.

Environmental protection and stewardship

Dufferin designs and manages its operations to conserve the natural resources on site and protect the surrounding lands and neighbourhoods, including domestic wells. Most of our sites have monitoring and reporting programs to ensure standards are met. In some sites there is a multi-agency committee that reviews the annual reports and provides feedback.

Water is managed carefully on site to provide washing of aggregates to meet the high specification laid out by the Ministry of Transportation and the construction industry. The resulting stone dust and silts collected during washing are accumulated in settling ponds, a majority of the water is then recycled on-site for re-use in washing. The pond fines can be recovered for sale or use in rehabilitation projects on site, or the pond itself used as a rehabilitation feature.

In our quarries water is pumped to allow for dry operations. This water is carefully managed so that the water discharged off sites meets Ontario standards set by the MOE. Dufferin or our consultants carry out water monitoring at most of our sites and provide the appropriate agencies with their annual reports.

Water taking and discharge is managed under MOE permits which set the standards at each site. Monitoring includes groundwater and surface water levels and documentation of water handling volumes on site and during discharge to surrounding features, as well as quality of discharged water. Water taking quantities are specified by permits and often include recycled water volumes, so are an overestimate of actual net water-taking to accommodate storm events, peak production season washing needs.

At some sites we partner with others in the community on stewardship programs. At Mill Creek we actively support the Ranger program with youth volunteers to enhance the habitat in the adjacent creek.

At quarries, bedrock is broken up by blasting into shot rock that is then hauled to the plant for crushing. Drilling and loading explosives is performed by experts. Each blast is monitored to meet MOE guidelines for both noise (128dB) and air vibration (12.5mm).

Key data	2003	2004	2005
Visitors at Dufferin events	3,080	3,250	2,000
Industry awards	17	19	15
Donations, including in-kind (\$)	151,000	100,000	194,000

Community relations

Dufferin cares about the communities where we operate. We work hard to mitigate possible effects on our neighbours, from our operations or from the traffic along public haul routes.

We have an open door policy where the neighbouring public can visit us individually or at open houses held at key sites every year or two. At some sites we distribute newsletters around the neighborhood as an update on operations and personnel.

Complaints from neighbours are responded to directly by site staff, with phone calls returned within 24 hours and further follow up. Complaints are often related to noise and vibration and water supplies, therefore we work closely with our consultants to educate residents and share results of our monitoring programs.

We also work with truckers to resolve issues relating to traffic. At two sites we have installed wheel wash units to reduce dust tracked onto roads outside of the operation.



Industry Advancement Awards 2004

Dufferin Aggregates received significant industry recognition with 19 awards from two North American associations – The National Stone, Sand and Gravel Association (NSSGA) and the Aggregate Producers Association of Ontario (APAO).

Most prestigious: Mosport Pit : APAO "Award of Excellence" for achievement in all categories – Property Enhancement, Progressive Rehabilitation and Community Relations.

APAO Property Enhancement Awards recognize ongoing site improvements and the development of properties over time: Mill Creek and Mosport Pits.

NSSGA Community Relations Awards, "The Pinnacle" for highest achievement in community relations:

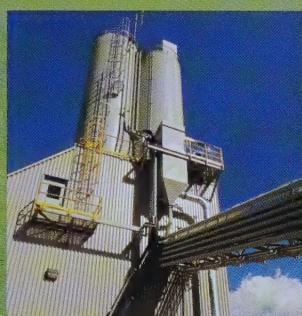
Acton Quarry, Carden Quarry, Milton Quarry, and the Aberfoyle and Mill Creek Pits.

NSSGA Environmental Eagle Award, recognizing producers who are actively contributing to the maintenance of the environment in and around their operations: Aberfoyle Pit, Mill Creek Pit and Milton Quarry, including a Gold award for highest achievement presented to the Milton Quarry. Only five Gold awards were awarded in all of North America.

NSSGA About Face "Outstanding Achievement in Property Enhancement" Award recognizing aggregate producers who have made constructive and positive efforts to enhance the aesthetic appearance of their operations: Mosport and Mill Creek Pits.

Dufferin Concrete

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Sustainable Development Fact Sheet

Dufferin Concrete – St. Lawrence Cement

February 2006

Dufferin Concrete, a business unit of St. Lawrence Cement, is a leading supplier of concrete in the province of Ontario with 28 plants.

This fact sheet presents an overview of Dufferin Concrete's sustainable development actions and performance. It complements the Sustainable Development Report published in February 2006 by St. Lawrence Cement Group, which presents corporate policies and key performance indicators. We invite you to read the full report.

Key data	2003	2004	2005
Employees	675	626	640
Concrete plants	29	29	28
Concrete volumes (m ³ 000)	1,674	1,687	1,608
Donations (\$) (including in-kind)	42,000	154,000	56,000

Our commitment

Dufferin Concrete is committed to sustainable development. In our business, this means managing water use, dust and, reducing fuel consumption and providing safe and healthy working conditions for our employees.



Environmental performance

We are taking specific actions throughout our network of plants in order to minimize the impact of our operations on the environment and on our neighbours. We apply many environmental best practices in our concrete plants, such as:

- Unutilized concrete is cast into blocks or placed into thin layers in the yard for subsequent crushing and use as manufactured aggregate.
- We manage dust by paving access roads and using approved dust suppressant on unpaved surfaces.

- Most sites have closed loop wash-out stations to conserve water. Process water and excess yard water are used to produce concrete at many sites.
- Energy efficiency and emissions control are important criteria in the purchase of new mixer trucks.
- Regular maintenance is performed on all rolling stock to maximize fuel efficiency and minimize exhaust emissions.
- We use distribution software to optimize concrete delivery, thereby reducing the number of daily trips.



Projects and investments

We invest continuously in our plant network to increase efficiency, customer service and environmental performance. Several projects were completed or initiated during this reporting period.

- We made progress in developing integrated storm water management plans for our plant network across Ontario.
- In 2004, an innovative storm water solution was developed and implemented at our Simcoe operation to address storm water quality and quantity before it leaves the site.

- An integrated storm water management and recycling system was implemented at the Tillsonburg facility in 2005. The system separates storm from process related waters, polishing the storm water as it is integrated into the local watershed.
- Our state-of-the art concrete plant in Whitby, completed in July 2005, was designed with the most modern equipment available in the world today, including high efficiency water heaters, dust collection equipment and recycling capabilities.



A Habitat for Humanity project



Open House at the Whitby Plant

Community relations

We are active in communities across southwestern Ontario through our ongoing contributions to sports teams and non-profit organizations. Since 2001, we have been a strong supporter of Habitat for Humanity, an organization committed to offering affordable housing to families in need. We donated more than 1100 m³ of concrete for construction projects in 2004 alone. In addition, our employees have participated in build projects with the Toronto chapter.

Dufferin Construction

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Sustainable Development Fact Sheet

Dufferin Construction – St. Lawrence Cement

February 2006

Founded in 1912, Dufferin Construction Company, a business unit of St. Lawrence Cement, is the largest concrete paving company and one of the foremost heavy civil engineering contractors in Canada.

This fact sheet presents an overview of Dufferin Construction's sustainable development actions and performance. It complements the Sustainable Development Report published in February 2006 by St. Lawrence Cement Group, which presents corporate policies and key performance indicators. We invite you to read the full report.

Our commitment

Dufferin Construction is committed to sustainable development. In our business, this means employing the best construction practices, reducing the landfilling of rubble (concrete and asphalt), and providing safe and healthy work conditions for our employees.



Concrete paving

Concrete roads are built to last. Because they require less frequent maintenance, concrete roads avoid the traffic congestion associated with reconstruction and repairs. Airport runways and aprons are paved with concrete for the same reasons.

We are ISO 9001 certified for the manufacture and placement of concrete pavement. Although Ontario is our primary market, we have placed concrete in Alberta, British Columbia, and Nova Scotia. We are Canada's leading airport paving company.



Recycled products

By managing our concrete and asphalt rubble on site and turning our construction yards into recycling depots, we have established ourselves as a leader in the production of quality recycled granulars. We offer our wide range of customers – including government, municipalities and private owners – a dependable and economical "green" alternative to primary aggregates. By monitoring incoming rubble and crushing in our yards, we can assure our customers of a quality recycled granular that meets all Ontario standards.

All our recycling yards are found close to the construction marketplace and provide customers with effective trucking solutions for bringing in rubble and loading up with crushed recycled granulars. We crushed 376,000 tons of concrete rubble on site and in our yards in 2005 and 500,000 in 2004. Our recycled products include:

- 19 mm crusher run concrete
- 50 mm crusher run concrete
- 19 mm 100% crushed asphalt
- Specialty blends of limestone/recycled asphalt granulars

Asphalt manufacturing and paving

We operate ten fixed asphalt plants and one portable plant in Ontario. Our total hot mix asphalt production was 596,000 tons in 2005 and 700,000 tons in 2004. This includes the use of approximately 83,000 tons and 110,000 tons of recycled asphalt aggregates into the mix in the two years, reducing waste products on site.

In 2004, a new baghouse with a higher operating efficiency was installed in our Cambridge plant, resulting in lower dust emissions compared to the existing baghouse. A new baghouse for the Brantford asphalt plant to replace the existing wet scrubber system is scheduled for installation in 2006.

Industry awards

In 2005, we received the Canadian Construction Association's "Excellence in Innovation Award", and the Ministry of Transportation of Ontario's provincial award for "Hot Mix Paving Contractor of the Year".